NEW ISSUE—Book-Entry Only

RATING: Moody's "Aa3"
(See "RATING" herein)

In the opinion of Bond Counsel, assuming compliance with certain covenants and agreements which are intended to ensure compliance with the Internal Revenue Code of 1986, as amended (the "Code"), under existing laws, regulations, rulings and judicial decisions, interest on the 2021 Series A Bonds is excludable from gross income for federal income tax purposes, except that no opinion is expressed with respect to any 2021 Series A Bond for any period during which any 2021 Series A Bond is held by a "substantial user" of the multifamily facilities allocated to the 2021 Series A Bonds or a "related person," as those terms are defined in Section 147 of the Code. Bond Counsel is further of the opinion that interest on the 2021 Series A Bonds is not a specific preference item for purposes of the federal alternative minimum tax. For information regarding certain requirements for and exceptions to such exclusion, see ***"TAX MATTERS"*** *herein. The Vermont Housing Finance Agency Act provides that the 2021 Series A Bonds and the interest thereon are exempt from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes.*

vhfa
Vermont Housing Finance Agency

$10,490,000
VERMONT HOUSING FINANCE AGENCY
Multi-Family Mortgage Bonds
2021 Series A (Non-AMT)

Dated: Date of Delivery **Due: As shown on inside front cover**

The 2021 Series A Bonds (the "2021 Series A Bonds") are issuable only as fully registered bonds, without coupons. When issued, the 2021 Series A Bonds are expected to be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the 2021 Series A Bonds purchased. Principal and interest on the 2021 Series A Bonds are payable by The Bank of New York Mellon Trust Company, N.A., as successor to Banknorth, National Association, as Trustee, to DTC, which will be responsible for remitting such principal and interest to its Participants, who will be responsible for remitting such principal and interest to the Beneficial Owners of the 2021 Series A Bonds, as described under the caption "DESCRIPTION OF THE 2021 SERIES A BONDS—Book-Entry System" herein.

The 2021 Series A Bonds will bear interest from their date of issuance, payable on February 15 and August 15 of each year, commencing August 15, 2021, until maturity or earlier redemption thereof. The 2021 Series A Bonds will bear interest at the respective rates and will mature on the dates and in the principal amounts shown on the inside front cover.

The 2021 Series A Bonds are subject to redemption prior to maturity under the circumstances set forth herein under "DESCRIPTION OF THE 2021 SERIES A BONDS—Sinking Fund Redemption Provisions," "—Optional Redemption Provisions" and "—Special Redemption Provisions."

Proceeds of the 2021 Series A Bonds will support affordable rental housing throughout the State of Vermont (the "State"), providing money to fund (or reimburse the Agency for funding) additional Mortgage Loans (as herein defined), made to acquire, construct or rehabilitate multi-family residential housing located in the State, all as described herein.

For a description of certain risks with regard to the security for the 2021 Series A Bonds, see "SECURITY FOR THE 2021 SERIES A BONDS" herein and in APPENDIX IV—Federal Housing Assistance Programs hereto.

THE 2021 SERIES A BONDS WILL BE GENERAL OBLIGATIONS OF THE AGENCY PAYABLE OUT OF ANY OF THE AGENCY'S REVENUES, MONEY OR ASSETS, SUBJECT TO AGREEMENTS HERETOFORE OR HEREAFTER MADE WITH HOLDERS OF OBLIGATIONS OF THE AGENCY OTHER THAN THE BONDS (AS HEREIN DEFINED) PLEDGING PARTICULAR REVENUES, MONEY OR ASSETS FOR THE PAYMENT THEREOF. THE AGENCY HAS NO TAXING POWER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF VERMONT OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE 2021 SERIES A BONDS.

The 2021 Series A Bonds are being offered for delivery when, as and if issued and received by the Underwriter and subject to the approval of legality by Kutak Rock LLP, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Agency by George N. Demas, Esq., counsel to the Agency, and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP. It is expected that the 2021 Series A Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about April 28, 2021.

Raymond James

March 25, 2021

MATURITY SCHEDULE

Multi-Family Mortgage Bonds, 2021 Series A (Non-AMT)

$2,985,000 Serial Bonds

Due Date	Amount	Interest Rate	Price	CUSIP*
August 15, 2022	$ 55,000	0.20%	100%	924194QU0
February 15, 2023	140,000	0.30	100	924194QV8
August 15, 2023	140,000	0.40	100	924194QW6
February 15, 2024	140,000	0.45	100	924194QX4
August 15, 2024	140,000	0.50	100	924194QY2
February 15, 2025	140,000	0.65	100	924194QZ9
August 15, 2025	145,000	0.70	100	924194RA3
February 15, 2026	145,000	0.80	100	924194RB1
August 15, 2026	145,000	0.90	100	924194RC9
February 15, 2027	145,000	1.00	100	924194RD7
August 15, 2027	145,000	1.10	100	924194RE5
February 15, 2028	145,000	1.20	100	924194RF2
August 15, 2028	145,000	1.30	100	924194RG0
February 15, 2029	150,000	1.35	100	924194RH8
August 15, 2029	150,000	1.45	100	924194RJ4
February 15, 2030	150,000	1.60	100	924194RK1
August 15, 2030	150,000	1.70	100	924194RL9
February 15, 2031	150,000	1.85	100	924194RM7
August 15, 2031	155,000	1.90	100	924194RN5
February 15, 2032	155,000	1.95	100	924194RP0
August 15, 2032	155,000	2.00	100	924194RQ8

$1,315,000 2.20% — Term Bonds due August 15, 2036 — Price: 100% CUSIP*: 924194RR6
$1,815,000 2.35% — Term Bonds due August 15, 2041 — Price: 100% CUSIP*: 924194RS4
$2,050,000 2.50% — Term Bonds due August 15, 2046 — Price: 100% CUSIP*: 924194RT2
$2,325,000 2.60% — Term Bonds due August 15, 2051 — Price: 100% CUSIP*: 924194RU9

Piper Sandler & Co.
Financial Advisor to the
Vermont Housing Finance Agency

* CUSIP numbers have been assigned by an organization not affiliated with the Agency and are included for the convenience of the owners of the 2021 Series A Bonds. The Agency is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the 2021 Series A Bonds or as indicated above. A CUSIP number for a specific maturity may be changed after the issuance date. CUSIP® is a registered trademark of the American Bankers Association.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the 2021 Series A Bonds described herein, and, if given or made, such information or representations must not be relied upon as having been authorized by the Agency or the Underwriter. This Official Statement does not constitute an offer to sell the 2021 Series A Bonds or a solicitation of an offer to buy nor shall there by any sale of the 2021 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Agency and from other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter. The information and expressions of opinion herein are subject to change without notice, and under no circumstances shall the delivery of this Official Statement or any sale made hereunder create any implication that there has been no change in the affairs of the Agency since the date hereof. The 2021 Series A Bonds may be offered and sold by the Underwriter to certain dealers at prices lower than the initial public offering prices set forth on the cover page, and such public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE FEDERAL SECURITIES LAWS. THESE FORWARD LOOKING STATEMENTS INCLUDE, AMONG OTHERS, STATEMENTS CONCERNING EXPECTATIONS, BELIEFS, OPINIONS, FUTURE PLANS AND STRATEGIES, ANTICIPATED EVENTS OR TRENDS AND SIMILAR EXPRESSIONS CONCERNING MATTERS THAT ARE NOT HISTORICAL FACTS. THE FORWARD LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED IN OR IMPLIED BY SUCH STATEMENTS. THE AGENCY HAS NO DUTY, OBLIGATION OR EXPECTATION TO UPDATE ANY OF SUCH INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE AGENCY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE 2021 SERIES A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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OFFICIAL STATEMENT

$10,490,000
VERMONT HOUSING FINANCE AGENCY
MULTI-FAMILY MORTGAGE BONDS
2021 SERIES A (NON-AMT)

This Official Statement of the Vermont Housing Finance Agency (the "Agency") is provided for the purpose of setting forth certain information concerning the Agency's Multi-Family Mortgage Bonds 2021 Series A to be issued in the aggregate principal amount of $10,490,000 (the "2021 Series A Bonds"). The 2021 Series A Bonds will be issued pursuant to the Agency's Multi-Family Mortgage Bond Resolution adopted on February 3, 1977, as amended (the "General Resolution"), the Agency's Resolution Authorizing the Issuance and Sale of a Maximum of $75,000,000 of Bonds in one or more Series to Finance Multi-Family Projects, adopted on December 3, 2020, and a Series Certificate executed and delivered pursuant thereto (collectively, the "Series Resolution"). The General Resolution and the Series Resolution are sometimes herein collectively referred to as the "Resolutions" or the "Multi-Family Mortgage Bond Resolution." The 2021 Series A Bonds and all other bonds issued under the General Resolution are herein collectively referred to as the "Bonds." Certain terms not defined elsewhere in this Official Statement are defined in "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Certain Definitions" herein.

INTRODUCTORY STATEMENT

The 2021 Series A Bonds will be secured under the provisions of the Resolutions and will be issued in accordance with the Resolutions and the Vermont Housing Finance Agency Act, being No. 260 of the Vermont Acts of 1973, Adjourned Session, as amended (the "Act"). The Agency has previously issued $217,760,000 principal amount of Multi-Family Mortgage Bonds, of which $46,555,000 are still outstanding as of December 31, 2020 (collectively, the "Outstanding Bonds") under the General Resolution (see APPENDIX VII hereto), which Bonds will be on a parity with the 2021 Series A Bonds. The Agency expects to apply the proceeds of the 2021 Series A Bonds, together with other available funds of the Agency, to fund (or reimburse the Agency for funding) Mortgage Loans (as hereinafter defined) for three Developments (as hereinafter defined) (collectively, the "New Mortgage Loans"). One of the three New Mortgage Loans, upon completion of construction, is expected to be insured by the Federal Housing Administration ("FHA") under its risk sharing program ("FHA Risk Share"). See APPENDIX III hereto for further information on the Developments and the related Mortgage Loans and APPENDIX IV hereto for further information on FHA Risk Share insurance.

The Act provides that the Agency is constituted a public instrumentality of the State of Vermont (the "State") exercising public and essential governmental functions, and the exercise by the Agency of the powers conferred by the Act is deemed to be an essential governmental function of the State. The Act authorizes the Agency to issue bonds and notes in such principal amounts as the Agency may determine. Additional series of Bonds may be issued by the Agency on a parity with the Outstanding Bonds and the 2021 Series A Bonds, provided that each additional series will be authorized and secured by a series resolution adopted in accordance with and under the provisions of the General Resolution and the Act.

As of December 31, 2020, the Agency had $422,686,663 principal amount of debt outstanding. For information regarding the Agency's outstanding indebtedness, see "THE AGENCY—Outstanding Indebtedness" and APPENDIX I hereto.

The General Resolution authorizes Bonds to be issued to provide funds for the making of mortgage loans (the "Mortgage Loans") to housing sponsors (the "Developers") eligible under the Act for the financing of housing developments (the "Developments") containing five or more dwelling units intended for occupancy on a rental or cooperative basis by persons and families of low and moderate income (the "Program"). The Act requires that such housing sponsors be organized on a nonprofit or limited-profit basis. Certain of the rental units in the Developments financed with proceeds of the Outstanding Bonds receive subsidy payments on behalf of eligible tenants pursuant to Section 8 ("Section 8") of the United States Housing Act of 1937, as amended (the "Housing Act"), and one of the New Mortgage Loans is anticipated to receive FHA Risk Share Insurance upon completion of construction, all as such federal programs are more fully described in APPENDIX IV—Federal Housing Assistance Programs hereto. Notwithstanding such subsidy payments and any federal mortgage insurance, the Bonds do not constitute a debt or indebtedness of the United States and payment of the Bonds is not guaranteed by the United States. For certain information regarding the Developments, see APPENDIX II—Certain Information Regarding the Developments and Outstanding Mortgage Loans Previously Financed and APPENDIX III—Developments and Mortgage Loans Newly Financed By or Additionally Pledged to the 2021 Series A Bonds hereto. Substantially all of the Mortgage Loans for Developments financed with proceeds of the Outstanding Bonds are "non-recourse loans" which provide no recourse to the Developers.

All Bonds issued under the General Resolution, including the 2021 Series A Bonds, are secured, to the extent and as provided in such Resolution, by (a) all Revenues, (b) all Mortgage Loans made under the General Resolution, and (c) subject to the terms of the General Resolution, all moneys in the funds and accounts pledged under the General Resolution, including the Mortgage Reserve Fund and the Debt Service Reserve Fund. In addition, the Bonds will be general obligations of the Agency payable from any of the Agency's other revenues, moneys or assets, subject to agreements heretofore or hereafter made with holders of notes and bonds, other than the Bonds, pledging particular revenues, moneys or assets for the payment thereof. Pursuant to the Act, the Agency is obligated to pay the principal or redemption price, if any, of and interest on the Bonds from revenues or funds of the Agency, which has no taxing power; **the State is not obligated to pay the principal thereof or interest on the Bonds, and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal or redemption price, if any, of or the interest on the Bonds**.

The Act provides that, in order to assure the maintenance of the amount in the Debt Service Reserve Fund at the Debt Service Reserve Requirement, there may be appropriated annually and paid to the Agency for deposit in the Debt Service Reserve Fund, such sum, if any, as is certified by the Chairman of the Agency to the Governor or to the Governor-elect, the President of the Senate and the Speaker of the House as necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. Pursuant to the General Resolution and the Act, the Chairman is required annually, on or before each February 1, to make and deliver to the Governor or to the Governor-elect, the President of the Senate and the Speaker of the House his certificate stating the sum, if any, required to restore the Debt Service Reserve Fund to that amount. The sum so certified may be appropriated and, if appropriated, shall be paid to the Agency during the then current State fiscal year. Pursuant to the Act, the principal amount of outstanding bonds or notes of the Agency secured by a debt service reserve fund to which State funds may be appropriated cannot exceed $155,000,000. To date, the Chairman has never been required to certify a sum to restore the Debt Service Reserve Fund amount to meet the Debt Service Reserve Fund Requirement. Upon the issuance of the 2021 Series A Bonds, the principal amount of bonds of the Agency so secured is anticipated to be $57,045,000.

While the Bonds and the provisions of the Act discussed above do not constitute a legally enforceable obligation of the State nor create a debt on behalf of the State, Bond Counsel is of the opinion that the State, by its General Assembly, is legally authorized, but not legally obligated, to appropriate annually such sum as shall have been certified by the Chairman of the Agency to the Governor or the Governor-elect, the President of the Senate and the Speaker of the House as necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement.

The global outbreak of the coronavirus and the COVID-19 disease that such virus causes ("COVID-19") and measures taken by federal, state and local governments in response thereto are impacting individuals and businesses in a manner that to an unknown extent will have negative effects on economic activity across the country and the State, including mortgage loan repayments. For descriptions of certain of these measures, see "THE AGENCY—Business Disruption Risk—*COVID-19*" herein.

THE AGENCY

Purpose and Powers

The Agency was created as a body politic and corporate of the State of Vermont (the "State") pursuant to the Vermont Housing Finance Agency Act (the "Act"). Under the Act, the purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs.

Under the Act the Agency has the power, among other things, to make loans to housing sponsors and mortgage lenders and to purchase mortgage loans from mortgage lenders to finance the making of new residential mortgage loans and rehabilitation mortgage loans for the benefit of persons and families of low and moderate income, to include in any borrowing amounts to pay Agency expenses necessary or incident to such borrowing, to issue bonds and notes, and to do any and all things necessary or convenient to carry out its purposes and exercise the powers granted in the Act.

Management

The powers of the Agency are vested in nine commissioners, consisting of the Commissioner of the Vermont Department of Financial Regulation, the State Treasurer, the Secretary of the Agency of Commerce and Community Development, the Executive Director of the Vermont Housing and Conservation Board, or their designees, and five members appointed by the Governor with the advice and consent of the State Senate. The appointed commissioners serve for terms of four years or until a successor is appointed and qualified. Members whose terms have expired continue to serve until reappointed or a successor has been appointed and qualified.

The present commissioners are:

Katie Stuart-Buckley – Chair, term expires January 31, 2023. Ms. Stuart-Buckley is the Development Director for M&S Development LLC, in Brattleboro, Vermont. M&S provides real estate development, transaction structuring and tax credit financing services to projects which bring significant social and economic benefits to economically distressed communities. Prior to joining M&S, Ms. Stuart-Buckley served the State of Vermont as Commissioner for the Department of Housing & Community Development, Agency Commerce & Community Development, appointed by Governor Phil Scott. Ms. Stuart-Buckley has held leadership roles involving municipal management and finance, sensitive redevelopment of historic buildings for adaptive reuse, non-profit affordable housing, and community and economic development. She currently sits on the boards of Preservation Trust of Vermont, Vermont Disaster Recovery Fund and the Friends of Algiers Village. She is the past Chair of the Vermont Downtown

Development Board and Commissioner for the Windham Regional Planning Commission. Ms. Stuart-Buckley graduated magna cum laude from the University of Massachusetts, Amherst, receiving a B.A. in Economics.

Gustave "Gus" Seelig – Vice Chair, Executive Director of the Vermont Housing and Conservation Board, ex-officio member. Mr. Seelig has served as the Executive Director of the Vermont Housing and Conservation Board since its inception in 1987. The Board administers a variety of state and federal programs which have resulted in an investment by the State of Vermont of over $310 million, which has developed or rehabilitated approximately 12,500 affordable homes, conserved over 420,000 acres of farmland, natural areas and recreational lands, including 700 farms and restoration of nearly 62 historic community buildings. In 2017, the Board worked with Governor Scott and the Agency to secure a $37 million revenue bond for affordable housing. Prior to his work for the Board, Mr. Seelig served as the Executive Director of Capstone Community Action (formerly the Central Vermont Community Action Council). Mr. Seelig previously served on the Affordable Housing Program Advisory Board for the Federal Home Loan Bank of Boston. He is currently a Board member of the Vermont Energy Investment Corp., which operates Vermont's energy efficiency utility and serves as Town Moderator in Calais. In 2010, Mr. Seelig was presented with the Art Gibb award by Smart Growth Vermont for leadership in safeguarding Vermont values and Vermont's unique landscape. Mr. Seelig received a B.A. from Goddard College in 1976 and completed the Harvard University's Program for Senior Executives in State and Local Government in 1996.

Lamont Barnett – Term expires January 31, 2022. Mr. Barnett is an owner of The Rock and Hammer, a retail jewelry store in downtown Bellows Falls. Mr. Barnett currently serves as Vice President of the Bellows Falls Downtown Alliance. In addition, he currently serves on the Board of the Bellows Falls Area Development Corporation and the Board of Civil Authority. In addition, Mr. Barnett is a Windham County Assistant Judge. He has been an active leader in the redevelopment of the Bellows Falls community and was instrumental in securing over $10 million in government grants.

Fred Baser – Term expires January 31, 2022. Mr. Baser is a Certified Financial Planner at Bristol Financial Services, which he founded in 1987. Mr. Baser is a former Vermont State Representative representing the Town of Bristol, who served on the House Committee on Ways and Means and Committee on Commerce and Economic Development. Mr. Baser has served on the Boards of several other Vermont institutions, including the Bristol Select board, the Addison County Economic Development Board and the Addison County chapter of Habitat for Humanity.

Thomas S. Leavitt – Term expired January 31, 2020[†]. Thomas Leavitt is president & CEO of Northfield Savings Bank (NSB) in Berlin, Vermont. NSB is a mutual institution founded in 1867. The bank has $950 million in assets and operates 13 full service offices in Central Vermont and the Champlain Valley, providing community banking, mortgage banking, commercial banking, and investment services – all supported by an advanced new Operations Center opened in the fourth quarter of 2015. Mr. Leavitt has led NSB since October 2014. In the community, Mr. Leavitt serves on the boards of Norwich University Applied Research Institutes, ECHO Leahy Center for Lake Champlain, and the Flynn Center for the Performing Arts. He represents the banking community on the Vermont Financial Literacy Commission and is a member of the Vermont Business Roundtable. He previously served on the boards of the Berkshire Chamber of Commerce, Berkshire Business Roundtable, Vermont Council on Rural Development, Vermont Bankers Association, Burlington Business Association, and Burlington Boys & Girls Club. Mr. Leavitt holds an M.B.A. from the University of Pennsylvania's Wharton School. He earned a B.S. from

[†] Continues to serve until reappointed or a successor has been appointed and qualified.

the University of New Hampshire where he was starting quarterback and punter for the Wildcats. He grew up in Burlington, Vermont.

Jeanne Morrissey – Term expired January 31, 2021[†]. Ms. Morrissey is the President of J.A. Morrissey, Inc., a general contracting and construction management company headquartered in Williston, Vermont. Ms. Morrissey has managed a variety of project types, sizes and contracts over 30 years. Ms. Morrissey is a graduate of the University of Vermont and a licensed Civil Engineer in Vermont and California.

Elizabeth "Beth" Pearce – State Treasurer, ex officio member. Ms. Pearce was appointed Vermont State Treasurer in January 2011 and then elected in 2012. Ms. Pearce was most recently re-elected in 2020. Treasurer Pearce has more than 30 years of experience in government finance at both the state and local levels. She served as Vermont's Deputy Treasurer for more than seven years before assuming her current role as Treasurer. As Deputy Treasurer, she was responsible for a full range of operations including retirement administration of the three state-wide systems for State employees, teachers, and municipal employees. She also was responsible for unclaimed property, accounting, budget, debt and capital financing, cash management, investment of short-term funds in State custody, and risk management. Prior to joining the Vermont State Treasurer's Office, she served as Deputy Treasurer for Cash Management at the Massachusetts State Treasurer's Office from 1999-2003; Deputy Comptroller for the Town of Greenburgh, New York; and as the Accounting Manager and Financial Operations Manager for the Town of West Hartford, Connecticut. In addition, she has served as a fiscal officer with the Massachusetts Department of Social Services and as a project director for the Massachusetts Executive Office of Human Services. Ms. Pearce has a B.A. from the University of New Hampshire. She has prepared financial reports that have received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association.

Michael Pieciak – Commissioner of the Vermont Department of Financial Regulation, ex officio member. He was first appointed commissioner by Governor Peter Shumlin in July 2016 and reappointed by Governor Phil Scott in January 2017 and 2019. Commissioner Pieciak serves as the chief regulator of Vermont's financial services sector, including the insurance, captive insurance, banking and securities industries. Commissioner Pieciak previously served as deputy commissioner of the Department's Securities Division. Commissioner Pieciak is President-elect of the North American Securities Administrators Association, member of the National Association of Insurance Commissioners and Conference of State Bank Supervisors and served on the SEC Advisory Committee on Small and Emerging Companies. Prior to his service with the Department, Commissioner Pieciak practiced law in New York City at Skadden, Arps, Slate, Meagher & Flom LLP in the Mergers and Acquisitions Group, gaining experience in commercial transactions, corporate governance and investment and financing transactions. Commissioner Pieciak graduated cum laude from Union College with a degree in political science. He received his law degree summa cum laude from the University of Miami School of Law where he served as editor-in-chief of the "Miami Law Review."

Lindsay Kurrle – Secretary of the Vermont Agency of Commerce and Community Development, ex officio member. Ms. Kurrle was appointed Secretary of the Vermont Agency of Commerce and Community Development by Governor Phil Scott, effective on September, 2019. From January 2017 to September 2019, she served as Commissioner for the Vermont Department of Labor, where she led over 300 employees, and administered Vermont's workforce development, unemployment insurance, workers' compensation, employment services programs, and Vermont's occupational safety and health program. Prior to becoming the State's Labor Commissioner, Ms. Kurrle was a business owner for 15 years and an

[†] Continues to serve until reappointed or a successor has been appointed and qualified.

Auditor for the international accounting firm KPMG. Secretary Kurrle lives in Middlesex, Vermont with her husband and three children.

The following are the principal staff members of the Agency:

Maura Collins was appointed Executive Director of the Agency as of January 1, 2019. Prior to her appointment as Executive Director, Ms. Collins was the Agency's Deputy Director. Prior to joining the Agency in 2002, Ms. Collins worked for Technical Assistance Collaborative in Boston, Massachusetts. She currently serves as President of the board of Pathways Vermont, a social services nonprofit organization working with people with mental health challenges. Ms. Collins is a cum laude graduate of the University at Buffalo and holds a Masters of Public Administration from the University of Vermont.

Christopher Flannery is the Agency's Chief Financial Officer and Treasurer. Prior to joining the Agency in September 2019, Mr. Flannery was an investment banker providing bond underwriting and financial advisory services to state and local housing finance agencies, including the Agency, as well as to a variety of governmental, non-profit and corporate clients. Mr. Flannery has a Ph.D. in Math from Northwestern University and a B.A., also in Math, from the University of Minnesota.

Jacklyn R. Santerre is the Agency's Managing Director of Homeownership Programs. Ms. Santerre has been with the Agency since 1984, most recently serving as Assistant Director of Homeownership Programs. Prior to joining the Agency, she was a loan processor and office manager for the Lomas and Nettleton Company in Burlington, Vermont for four years.

Kimberly A. Roy is Director of Asset Management and Compliance for the Agency. Ms. Roy has been with the Agency since 1989, overseeing asset management, loan servicing and compliance monitoring of multifamily properties. She is a graduate of St. Michael's College and is certified as a Housing Manager, Occupancy Specialist and Tax Credit Specialist.

Seth Leonard is Managing Director of Community Development for the Agency. Prior to joining the Agency in 2019, Mr. Leonard was at the USDA Office of Rural Development, where he served as Housing Program Director for Vermont and New Hampshire. Previous experience includes four years in the Agency's Single Family Housing department and work with a Vermont-based community development financial institution. Mr. Leonard also served as the mayor of the city of Winooski from 2015 through the beginning of 2019. Mr. Leonard is a graduate of the University of North Carolina, Chapel Hill.

George N. Demas, Esq. is General Counsel to the Agency. Prior to joining the Agency in 2009, Mr. Demas was Assistant General Counsel for the Vermont Department of Financial Regulation and also served as an officer for Bombardier Capital Inc. Mr. Demas holds a J.D. from the University of Georgia Law School.

As of December 31, 2020, the Agency had 35 full-time-equivalent employees who are responsible for the operation and management of the Agency. Of these employees, 6 are charged with responsibility for the single-family program and 12 are charged with responsibility for the multifamily program. Included on the staff of the Agency are professionals with experience in mortgage underwriting and portfolio and investment management.

Outstanding Indebtedness

Since September 1974, the Agency has issued over $3.8 billion aggregate principal amount of bonds, of which approximately $423 million was outstanding as of December 31, 2020, to finance its various programs. The proceeds of the bonds have been or will be used to make mortgage loans to sponsors

of multi-family residential housing units for persons and families of low and moderate income in the State, to purchase mortgage loans on single-family residential housing units for the persons and families of low and moderate income in the State, to make loans to mortgage lenders to finance such single family housing and to make loans to finance certain other multi-family housing developments. The bonds are secured pursuant to the terms of the resolutions under which they were issued.

For additional information with respect to outstanding indebtedness of the Agency, see the Agency's audited financial statements for the year ending June 30, 2020 included as APPENDIX I-A hereto and the unaudited financial statements of the Agency as of the six-month period ended December 31, 2020 included as APPENDIX I-B hereto.

Operations to Date

Pursuant to the Act and agreements with bondholders, a substantial portion of the Agency's assets is pledged to secure specific obligations or is otherwise restricted. The Agency maintains separate restricted funds for each of its programs financed by the issuance of bonds under a particular general bond resolution or trust indenture. Such funds and programs have separate sets of self-balancing accounts set up in accordance with the Act and the various general bond resolutions and trust indentures. Assets and revenues of such funds and programs are restricted by various resolutions and agreements and are not available in any manner other than as provided in the general bond resolutions or trust indentures adopted by the Agency for its programs. Moneys in excess of restricted fund requirements are transferred periodically from these restricted funds to the General Fund. The Agency's outstanding bonds, other than its HFA Initiative Multifamily Bonds, its Mortgage Revenue Bonds, its Revenue Bonds, Eastview at Middlebury Issue, Series 2018, its Student Housing Facilities Revenue Bonds (West Block University of Vermont Apartments Project) and its Vermont Property Transfer Tax Revenue Bonds, Series 2018, are general obligations of the Agency secured by and payable from any of the Agency's revenues, moneys or assets, including the General Fund, subject to agreements heretofore or hereafter made with holders of notes and bonds that pledge particular revenues, moneys or assets for the payment thereof. The Agency has not pledged any moneys in the General Fund to the payment of any particular bonds of the Agency. Although the Bonds are general obligations of the Agency, no revenues, money or assets of the Agency are pledged to the payment of the Bonds except as specifically set forth in the Resolutions.

Business Disruption Risk

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Agency's ability to conduct its business. A prolonged disruption in the Agency's operations could have an adverse effect on the Agency's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Agency has developed a Business Continuity Plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Agency and minimize disruption if an emergency threatens, interrupts or incapacitates the Agency's operations, (ii) provide Agency leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that the Agency's efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

COVID-19

One such external event is the global outbreak of COVID-19 ("COVID-19"), a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, which is affecting the

national capital markets and which may negatively impact the State's housing market and its overall economy. The threat from the Pandemic is being addressed on a national, federal, state and local level in various forms, including executive orders and legislative actions.

On March 13, 2020, the President of the United States declared a national emergency with respect to the Pandemic. In addition, the United States Congress enacted several COVID-19-related bills, including the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), signed into law on March 27, 2020, and the Consolidated Appropriations Act, 2021, signed into law on December 27, 2020, which together provided direct financial aid to American families, payroll and operating expense support for small businesses, and loan assistance for distressed industries, as well as providing funds to and directing the Federal Reserve System to support the capital markets.

With respect to multifamily/affordable housing mortgage loans which are (a) insured, guaranteed, supplemented or assisted in any way by the federal government (including any HUD program or related program) or administered by any federal agency or (b) purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Multifamily Loans"), the CARES Act also provides that, if such Federal Multifamily Loan was current as of February 1, 2020 and is not for temporary financing (i.e., not a construction loan), then until the earlier of the termination of the Pandemic or December 31, 2020, the borrower may request a 30-day payment forbearance, and up to two additional 30-day forbearances. During the period of any such forbearance, the borrower may not evict any tenant solely for nonpayment of rent. Such relief follows actions previously taken by the Federal Housing Finance Agency, which announced that Fannie Mae and Freddie Mac would offer mortgage loan forbearance to multifamily property owners on the condition that they suspend all evictions for renters who cannot pay their rent because of COVID-19. As of December 31, 2020, the Agency had received and granted two such requests for forbearance for Mortgage Loans held under the Resolution. In both cases, 3 months of principal and interest payments were forborne and will be collected upon the maturity or prepayment of the related Mortgage Loan; the collective total amount forborne was $11,482. Such Mortgage Loans are no longer in forbearance. Additionally, within the Agency's general obligation Multiple Purpose Bond Resolution, the Agency granted forbearance to a total of 55 single family mortgage loans and 2 multifamily mortgage loans; as of December 31, 2020, only 2 of such single family loans and neither of such multifamily mortgage loans remained in forbearance.

To further prevent the spread of COVID-19, the Centers for Disease Control and Prevention, located within the Department of Health and Human Services, has issued an order preventing any entity with a legal right to pursue eviction or other possessory action from evicting certain covered persons from residential properties at least through March 31, 2021. On February 25, 2021, the U.S. District Court for the Eastern District of Texas entered a declaratory judgment declaring this Order unconstitutional. The court did not enter an injunction against enforcement of the Order but left open that possibility if the federal government does not abide by the declaratory judgment. The U.S. Department of Justice has appealed the decision to the U.S. Court of Appeals for the Fifth Circuit.

Through a series of executive and emergency orders, the Governor of Vermont directed the closure of restaurants, bars, other public accommodations and non-essential businesses for a period of time. Subsequently, the Governor has permitted the reopening of restaurants, bars, other public accommodations and non-essential businesses, subject to restrictions regarding public health, and advised Vermont residents that they are safer if they remain at home and follow social distancing guidelines. From the start of the Pandemic to date, the Agency's business has been conducted primarily over the telephone and via the internet pursuant to the Plan (with occasional office access afforded to certain Agency personnel). There has been, as of the date of this Official Statement, no material adverse effect on the Agency's operations resulting from the limited office access afforded to the Agency's personnel. The Agency would consider adjustments to the Plan to take into account any promulgation of law (including without limitation

subsequent orders of the Governor of Vermont) occurring after the date of this Official Statement, or other factors occurring after the date of this Official Statement and resulting from the Pandemic.

The Pandemic is an ongoing situation. At this time the Agency cannot predict (i) the duration or extent of the Pandemic or any other outbreak emergency; (ii) the duration or expansion of any foreclosure or eviction moratorium affecting the Agency's ability to foreclose and collect on delinquent mortgage loans; (iii) the number of mortgage loans that will be in forbearance or default as a result of the Pandemic and subsequent federal, state and local responses thereto, including the CARES Act; (iv) whether and to what extent the Pandemic or other outbreak or emergency may disrupt the local or global economy, real estate markets, manufacturing, or supply chain, or whether any such disruption may adversely impact the Agency or its operations; (v) whether or to what extent the Agency or other government agencies may provide additional deferrals, forbearances, adjustments, or other changes to payments on mortgage loans; or (vi) the effect of the Pandemic on the State budget, or whether any such effect may adversely impact the Agency or its operations. However, the continuation of the Pandemic and the resulting containment and mitigation efforts could have a material adverse effect on the Agency, its programs and its operations.

Cybersecurity

The Agency relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Agency faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, theft, destruction, and other attacks on computers, servers, cloud resources, and other sensitive digital networks, systems, and assets. Housing finance authorities and other public finance entities have been targeted by outside third parties, including technically sophisticated, state-sponsored, and other well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide various technology services to the Agency, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The Agency uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Agency conducts regular information security and privacy awareness training that is mandatory for all Agency staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Agency's Director of Information Technology focuses on and leads the efforts of the Agency to keep its cyber assets secure.

Despite its efforts, no assurances can be given that the Agency's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyberattacks have not had a material impact on our financial condition, results or business; however, we are not able to predict the severity of these attacks. The results of any attack on the Agency's computer and information technology systems, as well as any third party hosted solutions utilized by the Agency, could impact its operations for an unknown period of time, damage the Agency's digital networks and systems, and damage the Agency's reputation, financial performance, and customer or vendor relationships. Such an attack could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Agency's reputation and relationships could adversely affect the Agency's ability to make loans and issue Bonds in the future.

MULTI-FAMILY MORTGAGE LOAN PROGRAM OF THE AGENCY

Multi-Family Mortgage Loan Portfolio of the Agency

Since 1975, the Agency has financed 251 multi-family residential rental developments. These developments comprise 9,089 units of rental housing, of which 3,109 are assisted under the Section 8 program.

In deciding whether to make a Mortgage Loan on a development the Agency considers, among other things, the extent of the need for affordable rental housing in the market area, the quality and location of the proposed site, the experience and stability of the developers, the quality of management experience, and the sufficiency of projected revenues to pay anticipated operating expenses in the face of expected economic trends and conditions. In addition, the Agency may also consider the loan-to-value ratio of the Agency's Mortgage Loan.

The ability of owners of multi-family residential rental developments to make mortgage payments is affected by a variety of factors, including the achievement and maintenance of a sufficient level of occupancy; sound management of the developments; timely and adequate increases in rents to cover increases in operating expenses, including taxes, utility rates and maintenance costs; changes in applicable laws and governmental regulations; and social and economic trends affecting the communities in which the developments are located, the State and the United States in general. See also "*—COVID-19*" under "THE AGENCY—Business Disruption Risk" herein, as such discussion may apply to repayments of Mortgage Loans.

Mortgage Loans Securing the Bonds

Under the Program, the Agency may make Mortgage Loans secured by a first lien on real property or a leasehold estate for the construction or rehabilitation and permanent financing of multi-family residential housing intended for occupancy primarily by persons and families of low and moderate income.

28 of the 39 Developments financed with proceeds of the Outstanding Bonds (or prepayments from Mortgage Loans) are assisted by the federal government under the Section 8 rental subsidy program. The Section 8 subsidy payments are funded by the United States Department of Housing and Urban Development ("HUD") through its obligations under certain Annual Contributions Contracts ("ACCs") and certain Housing Assistance Payments Contracts ("HAPCs"). HUD is responsible for the administration of the Section 8 program on a national basis and the Agency and the Vermont State Housing Authority are responsible for the administration of certain Section 8 subsidy contracts and moneys allocated to the State of Vermont. Such Mortgage Loans are not insured by either federal, state or private mortgage insurance. The Bonds do not constitute indebtedness of, nor are they guaranteed by, HUD or the United States.

Of the 28 Developments assisted under the Section 8 program, 24 presently have HAPCs that expire more than 18 months prior to the maturity date of the related Mortgage Loan. For a discussion of certain additional information and risks with respect to HAPCs and Section 8 payments thereunder, see APPENDIX IV—Federal Housing Assistance Programs hereto.

The outstanding Mortgage Loans financed with the proceeds of the Outstanding Bonds (or prepayments from Mortgage Loans) were made in the aggregate original principal amount of $56,693,538. Such Mortgage Loans financed 39 Developments, which range in size from 9 to 112 units and contain a total of 1,648 units. Of those units, 900 are occupied by age-restricted tenants. Construction of all of the Developments has been completed, and all of the Developments have been occupied for at least five years. As of December 31, 2020, the average vacancy rate for the Program over the past three years has been less

than 5%. For additional information regarding the Developments and outstanding Mortgage Loans, see APPENDIX II hereto.

For the period commencing November 1, 2010 to date, only one of the Mortgage Loans funded by prior Bonds (Black River Overlook/Ludlow Housing) has been delinquent by more than 30 days; such loan restructured and paid off on October 15, 2014. As of the date hereof, all Mortgage Loans are current; provided, however, that two of the Mortgage Loans received approval for 3 months forbearance of principal and interest pursuant to federal program provisions during COVID-19 (see "THE AGENCY—Business Disruption Risk—*COVID-19*" herein for additional information).

Summary of Revenues, Expenses and Changes in Fund Balances and Balance Sheet for the Program (Multi-Family Mortgage Bond Resolution)

The Summary of Revenues, Expenses and Changes in Fund Balances (Unaudited) and the Balance Sheet (Unaudited) for the Program (as the Program relates to the Multi-Family Mortgage Bond Resolution) derived from the audited financial statements for the five years ended June 30, 2020 appear in the following tables:

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Balance Sheet Summary of the Program (Multi-Family Mortgage Bond Resolution) at June 30 (Unaudited)

Assets	**6/30/2020**	**6/30/2019**	**6/30/2018**	**6/30/2017**	**6/30/2016**
Cash and Cash Equivalents	$ 6,524,342	$ 5,030,976	$ 5,703,524	$ 6,416,208	$ 7,761,860
Accrued Interest Receivable:					
Investments	11,323	23,612	20,343	34,593	9,192
Mortgage Loans	162,515	135,956	151,954	152,644	170,885
Other Receivables & Prepaids	5,500	5,500			
Investments	3,340,107	4,055,908	3,683,483	5,559,256	4,293,608
Mortgage Loans	48,743,870	38,884,878	42,181,356	43,295,714	47,959,757
Due from (to) other funds	**1,250,000**				
Total Assets	**$60,037,657**	**$48,136,830**	**$51,740,660**	**$55,458,415**	**$60,195,302**
Liabilities					
Accrued Interest Payable	$ 787,657	$ 582,588	$ 621,955	$ 671,536	$ 737,551
Notes Payable	2,175,000	2,545,000	2,800,000	2,800,000	2,800,000
Bonds Payable	47,400,000	35,150,000	37,710,000	41,015,000	45,115,000
Unamortized Bond Premium (Discount)	(75,480)	(82,551)	(86,276)	(89,233)	(93,339)
Unearned Income	193,009	270,212	347,415	485,369	643,572
Total Liabilities	**$50,480,186**	**$38,465,249**	**$41,393,094**	**$44,882,672**	**$49,202,784**
Net Position	**$ 9,557,471**	**$ 9,671,581**	**$10,347,566**	**$10,575,743**	**$10,992,518**

Operating Revenue	**6/30/2020**	**6/30/2019**	**6/30/2018**	**6/30/2017**	**6/30/2016**
Interest Income:					
Investments	$ 161,065	$ 167,827	$ 150,108	$ 101,373	$ 69,955
Mortgage Loans	2,606,777	2,497,651	2,659,211	2,867,126	3,113,466
Fee Income	1,098		61,084	83,946	27,128
Total Operating Revenue	**$ 2,768,940**	**$ 2,665,478**	**$ 2,870,403**	**$ 3,052,445**	**$ 3,210,549**
Operating Expenses					
Financing Costs, including interest and amortization of premium, discount and cost of issuance	$ 1,941,051	$ 1,584,411	$ 1,718,671	$ 1,893,106	$ 1,978,660
Operating Expense & Professional Fees	28,782	26,826	31,664	27,714	26,414
Change in Excess Yield Reserve					
Total Operating Expenses	**$ 1,969,833**	**$ 1,611,237**	**$ 1,750,335**	**$ 1,920,820**	**$ 2,005,074**
Operating Income (Loss)	**$ 799,107**	**$ 1,054,241**	**$ 1,120,068**	**$ 1,131,625**	**$ 1,205,475**
Non-Operating Revenues (Expenses)					
Net Increase (Decrease) in Investment Value	$ 42,455	$ 83,641	$ (53,245)	$ (48,400)	$ (13,457)
Income (Loss) before Transfers	**841,562**	**1,137,882**	**1,066,823**	**1,083,225**	**1,192,018**
Transfers from (to) Other Funds	(955,672)	(1,813,867)	(1,295,000)	(1,500,000)	(1,412,234)
Net Position Increase (Decrease)	**$ (114,110)**	**$ (675,985)**	**$ (228,177)**	**$ (416,775)**	**$ (220,216)**
Net position, beginning of year,	$ 9,671,581	$10,347,566	$10,575,743	$10,992,518	$11,212,734
Net position, end of period	**$ 9,557,471**	**$ 9,671,581**	**$10,347,566**	**$10,575,743**	**$10,992,518**

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2021 Series A Bonds, exclusive of accrued interest, if any, are as follows:

Sources of Funds

Principal Amount of 2021 Series A Bonds	$10,490,000.00
Agency Contribution	206,096.04
Total Sources	$10,696,096.04

Uses of Funds

Mortgage Loan Account deposit	$ 9,990,000.00
Debt Service Reserve Fund deposit	503,917.50
Costs of Issuance/Underwriter's Fee	202,178.54
Total Uses	$10,696,096.04

DESCRIPTION OF THE 2021 SERIES A BONDS

The 2021 Series A Bonds will be dated as of their date of delivery and will bear interest from such date, payable on each February 15 and August 15, commencing August 15, 2021. The 2021 Series A Bonds will bear interest at the rates shown on the inside front cover of this Official Statement and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement, subject to the redemption provisions described herein.

The 2021 Series A Bonds will be issued as fully registered bonds in the denomination of $5,000 or integral multiples thereof.

Other than as provided below under "Book-Entry System," principal and redemption price, if any, of the 2021 Series A Bonds will be payable at the designated corporate trust office of The Bank of New York Mellon Trust Company, N.A., Trustee, Bond Registrar and Paying Agent, in Jacksonville, Florida. Other than as provided below under "—Book-Entry System," interest on the 2021 Series A Bonds will be payable by check mailed to the registered owner thereof at the address as shown on the registration books of the Trustee. The record date for payment of interest is the first day of the month in which the interest is to be paid, or, if such first day is not a business day, the next preceding business day, provided that, with respect to overdue interest or interest payable on redemption of this bond other than on the fifteenth day of February or August or interest on any overdue amount, the Trustee may establish a special record date. The special record date may be not more than 20 days before the date set for payment. The Trustee will give notice of a special record date by mailing a copy of such notice to the registered owners of all Bonds outstanding in the manner provided in the Bond Resolution at least 10 days before the special record date or in such other time and matter as the Trustee may deem appropriate.

Optional Redemption Provisions

The 2021 Series A Bonds are subject to redemption, at the option of the Agency, either in whole or in part at any time on or after August 15, 2030, by lot within a maturity, from maturities selected by the Agency, from moneys deposited in the Optional Redemption Account in the Redemption Fund, at a price equal to 100% of the principal amount so redeemed plus accrued interest to the date of redemption.

Sinking Fund Redemption Provisions

The 2021 Series A Bonds maturing on August 15, 2036 are subject to mandatory redemption in part, commencing on February 15, 2033 and on each August 15 and February 15 thereafter to and including August 15, 2036, at the principal amount thereof and accrued interest thereon, without premium, from funds in the Sinking Fund Account in the Debt Service Fund in the years and amounts as follows:

Date	Amount	Date	Amount
February 15, 2033	$160,000	February 15, 2035	$165,000
August 15, 2033	160,000	August 15, 2035	165,000
February 15, 2034	160,000	February 15, 2036	170,000
August 15, 2034	165,000	August 15, 2036 (maturity)	170,000

The 2021 Series A Bonds maturing on August 15, 2041 are subject to mandatory redemption in part, commencing on February 15, 2037 and on each August 15 and February 15 thereafter to and including August 15, 2041, at the principal amount thereof and accrued interest thereon, without premium, from funds in the Sinking Fund Account in the Debt Service Fund in the years and amounts as follows:

Date	Amount	Date	Amount
February 15, 2037	$170,000	August 15, 2039	$185,000
August 15, 2037	175,000	February 15, 2040	185,000
February 15, 2038	175,000	August 15, 2040	185,000
August 15, 2038	180,000	February 15, 2041	190,000
February 15, 2039	180,000	August 15, 2041 (maturity)	190,000

The 2021 Series A Bonds maturing on August 15, 2046 are subject to mandatory redemption in part, commencing on February 15, 2042 and on each August 15 and February 15 thereafter to and including August 15, 2046, at the principal amount thereof and accrued interest thereon, without premium, from funds in the Sinking Fund Account in the Debt Service Fund in the years and amounts as follows:

Date	Amount	Date	Amount
February 15, 2042	$195,000	August 15, 2044	$205,000
August 15, 2042	195,000	February 15, 2045	210,000
February 15, 2043	200,000	August 15, 2045	210,000
August 15, 2043	200,000	February 15, 2046	215,000
February 15, 2044	205,000	August 15, 2046 (maturity)	215,000

The 2021 Series A Bonds maturing on August 15, 2051 are subject to mandatory redemption in part, commencing on February 15, 2047 and on each August 15 and February 15 thereafter to and including August 15, 2051, at the principal amount thereof and accrued interest thereon, without premium, from funds in the Sinking Fund Account in the Debt Service Fund in the years and amounts as follows:

Date	Amount	Date	Amount
February 15, 2047	$220,000	August 15, 2049	$235,000
August 15, 2047	220,000	February 15, 2050	235,000
February 15, 2048	225,000	August 15, 2050	240,000
August 15, 2048	230,000	February 15, 2051	245,000
February 15, 2049	230,000	August 15, 2051 (maturity)	245,000

Amounts of annual sinking fund installments shown in the tables above are subject to reduction as a result of optional or special redemption of the 2021 Series A Bonds subject to mandatory sinking fund

redemption as set forth above, as applicable. At the time of any special or optional redemption of any such 2021 Series A Bonds, the amount of each future sinking fund installment will be reduced as shall be determined in an Officer's Certificate such that the total amount of such reductions equals the amount of such special or optional redemption. The amounts accumulated for each sinking fund installment may be applied by the Trustee to the purchase of the 2021 Series A Bonds for which such sinking fund installment is established at any time prior to the thirtieth day preceding the redemption date from such sinking fund installment.

Special Redemption Provisions

The 2021 Series A Bonds are subject to redemption, at the option of the Agency, by operation of the Redemption Fund, in whole or in part at any time at a price equal to 100% of the principal amount so redeemed plus accrued interest, by lot within a maturity, from maturities selected by the Agency, from (a) unexpended proceeds of the 2021 Series A Bonds in the Mortgage Loan Account, (b) excess moneys in the Mortgage Reserve Fund, (c) excess moneys in the Debt Service Reserve Fund, and (d) Recovery Payments or Prepayments with respect to Mortgage Loans financed or refinanced by, or pledged as additional security to, the 2021 Series A Bonds.

All of the Mortgage Loans financed or refinanced by the 2021 Series A Bonds provide that they may not be voluntarily prepaid without the consent of the Agency prior to the expiration of a lockout period (the "Lockout Expiration Dates"), expected to be as shown below:

Mortgage Loan/Property Name	Lockout Expiration Date[†]
Chicken Bone Housing	March, 2031
Dover Place at City Center	April, 2032
Whitney Hill Homestead	January, 2032

[†] Approximate date. Additionally, the Agency from time to time, after evaluation of project financials and Resolution financials, has approved the prepayment of certain Mortgage Loans prior to the related Lockout Expiration Date.

Notice of Redemption of Bonds

When the Trustee receives notice from the Agency, according to the provisions of the Resolutions, the Trustee will give notice of redemption of 2021 Series A Bonds by mailing a copy of such notice by first-class mail, postage prepaid, not less than 30 and not more than 60 days before the redemption date, to the registered owners of all 2021 Series A Bonds, or portions thereof to be redeemed at their addresses appearing on the registration books of the Agency maintained by the Trustee, provided that failure to mail such notice to any holder of a 2021 Series A Bond or any defect in such notice shall not affect the redemption of any other 2021 Series A Bonds for which the required notice has been given. The Series Resolution provides that while the 2021 Series A Bonds are in the Book-Entry System, the Trustee will mail copies of such notice not less than 30 days and not more than 60 days before the redemption date to DTC with a request of DTC to forward such notice to the Participants so that they may forward such notice to the Beneficial Owners. Neither the Agency, the Trustee nor Fannie Mae can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notices to the Beneficial Owners of the 2021 Series A Bonds, or that they will do so on a timely basis.

The obligation of the Trustee to give the notice required by the General Resolution shall not be conditioned upon the prior payment to the Trustee or Paying Agent of moneys or Investment Obligations

sufficient to pay the Redemption Price of the Bonds to which such notice relates or the interest thereon to the redemption date.

Additional Bonds

The General Resolution permits the issuance of additional Bonds thereunder for the purpose of providing funds for the purposes set forth in the General Resolution and, in addition, to refund outstanding Bonds issued under the General Resolution. Any additional Bonds issued under the General Resolution will be on a parity with the outstanding Bonds and the 2021 Series A Bonds and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the General Resolution. The General Resolution provides that upon the issuance of any such additional Bonds there will be deposited in the Debt Service Reserve Fund sufficient proceeds thereof as is required to establish the amount therein at, or to increase the amount therein to, the Debt Service Reserve Requirement.

No additional Series of Bonds is permitted to be issued subsequent to the issuance of the initial Series of Bonds under the General Resolution unless (a) the principal amount of the additional Bonds then to be issued, together with the principal amount of the Bonds and other obligations of the Agency theretofore issued, will not, in the opinion of counsel to the Agency, exceed in aggregate principal amount any limitation thereon imposed by law; (b) as evidenced by an Officer's Certificate, at the time of the issuance of such Bonds, other than refunding Bonds, there is no deficiency in any Funds or Accounts created by the General Resolution other than the Debt Service Reserve Fund and that upon the issuance and delivery of the additional Series of Bonds and the application of the proceeds thereof, the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Requirement; and (c) as evidenced by an Officer's Certificate, after such issuance, there shall be no material adverse effect on the ability of the Agency to pay the Principal Installments of and interest on the Bonds then outstanding. The Agency expressly reserves the right to adopt one of more other general bond resolutions and reserves the right to issue other obligations so long as such obligations do not constitute a charge or lien prohibited by the General Resolution.

Book-Entry System

When the 2021 Series A Bonds are issued, ownership interests will be available to purchasers only through a book-entry system (the "Book-Entry System") maintained by The Depository Trust Company ("DTC"), New York, New York, or such other depository institution designated by the Agency pursuant to the Resolution. Purchasers of beneficial interests in the 2021 Series A Bonds will not receive certificates reflecting their interests in the 2021 Series A Bonds.

The Depository Trust Company ("DTC"), New York, New York, will act with respect to the 2021 Series A Bonds as the initial Securities Depository for the 2021 Series A Bonds. The 2021 Series A Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the 2021 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in

deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of 2021 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2021 Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in 2021 Series A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2021 Series A Bonds, except in the event that use of the book-entry system for the 2021 Series A Bonds is discontinued.

To facilitate subsequent transfers, all 2021 Series A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2021 Series A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 Series A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. *So long as Cede & Co., as nominee for DTC, is the owner of the 2021 Series A Bonds, the Agency shall treat Cede & Co. as the only owner of the 2021 Series A Bonds for all purposes under the Resolution, including receipt of all principal of, premium, if any, and interest on the 2021 Series A Bonds and receipt of notices.*

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the 2021 Series A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such 2021 Series A Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2021 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to

whose accounts the 2021 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2021 Series A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Agency or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2021 Series A Bonds at any time by giving reasonable notice to the Agency or the Trustee. The Agency may also determine that DTC is incapable of discharging its duties or that continuation of the book-entry system is not in the best interests of the Beneficial Owners. In either situation, if the Agency fails to identify a successor securities depository, 2021 Series A Bond certificates are required to be printed and delivered.

None of the Trustee, any paying agent or the Agency has any responsibility or obligations to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by DTC of any amount due to any Direct Participant or the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the 2021 Series A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice to any Direct Participant or the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to owners of the 2021 Series A Bonds; (d) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the 2021 Series A Bonds; or (e) any consent given or other action taken by DTC, or its nominee, Cede & Co., as registered owner. The Beneficial Owners of the 2021 Series A Bonds will rely on Direct and Indirect Participants for timely payments and other notices and for otherwise making available to the Beneficial Owner the rights of a Bondholder. No assurances can be provided that, in the event of bankruptcy or insolvency of DTC or a Direct or Indirect Participant through which a Beneficial Owner holds beneficial interests in the 2021 Series A Bonds, payment will be made by DTC or the Direct or Indirect Participant on a timely basis.

SECURITY FOR THE 2021 SERIES A BONDS

The 2021 Series A Bonds will be payable from and secured equally and ratably with all Bonds issued or to be issued pursuant to the General Resolution by, among other things, a pledge of the Revenues and all moneys, securities, Mortgage Loans and Funds or Accounts held or set aside or to be held or set aside pursuant to the General Resolution, except the 2021 Series A Rebate Account and any rebate account held pursuant to the General Resolution in respect of any other Series of Bonds. In addition, the 2021 Series A Bonds will be general obligations of the Agency payable out of any of the Agency's revenues, moneys or assets, subject to agreements heretofore or hereafter made with holders of notes and bonds other than the Bonds.

Revenues

Revenues are all payments, proceeds, charges, rents and all other income derived in cash by or for the account of the Agency from or relating to the Program, including, without limiting the generality of the foregoing, scheduled amortization payments of principal of and interest on Mortgage Loans but not including Escrow Payments, Prepayments, Recovery Payments, Acquired Development Operating Income or financing or commitment fees or any payments or charges constituting construction or operating contingency, performance or completion payments or replacement reserves required pursuant to the applicable Mortgage Loan. Prepayments, Recovery Payments and Acquired Development Operating Income are additionally and separately pledged as security for the Bonds.

All Revenues are deposited by the Trustee into the Revenue Fund. Moneys in the Revenue Fund are withdrawn monthly (or, at the option of the Agency, semi-annually) and deposited in the Funds and Accounts set forth below but only after maximum payment is made into each such Fund in accordance with the following order of priority:

(a) Into the Debt Service Fund, to the extent, if any, needed to increase the amount in the Debt Service Fund so that it equals the Debt Service Requirement;

(b) Into the Debt Service Reserve Fund, to the extent, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Requirement;

(c) Into the Acquired Development Expense Fund, to the extent, if any, needed to increase the amount in the Acquired Development Expense Fund so that it equals the Acquired Development Expense Requirement;

(d) Into the Mortgage Reserve Fund, to the extent, if any, needed to increase the amount in the Mortgage Reserve Fund so that it equals the Mortgage Reserve Fund Requirement;

(e) Into the 2021 Series A Rebate Account or any other rebate account established pursuant to a series resolution, to the extent, if any, required by the provisions of the applicable series resolution; and

(f) Into the General Fund, to any extent.

For further discussion of the Funds and Accounts set forth above, see "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION" herein.

Mortgage Loans

The Bonds will be secured by a pledge of and lien upon all Mortgage Loans made with the proceeds of all Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Pending General Resolution Amendments" herein for a description of potential changes to the definition of Mortgage Loan.

The Agency covenants in the General Resolution, among other things, that Mortgage Loans financed with the proceeds of Bonds shall have scheduled payments of principal and interest or other legally enforceable payments available for payment of Principal Installments of and interest on Bonds upon completion of construction of the related developments which, when added to amounts, if any, to be withdrawn from the Capitalized Interest Accounts shall be sufficient to pay the Principal Installments of and interest on the related Bonds.

Additionally, the Agency covenants that at annual intervals the Agency shall file with the Trustee an Officer's Certificate setting forth a schedule of anticipated Revenues to be derived from all Mortgage Loans outstanding or anticipated to be made after giving effect to any estimated Prepayments and stating that the Agency expects that such Prepayments will be made on or before the dates as of which they have been estimated to be made in such schedule, together with a schedule of Principal Installments of and interest on all Bonds outstanding after giving effect to any redemptions and purchases to be made with such Prepayments, and showing that such anticipated Revenues and Prepayments, together with any other amounts held in the Mortgage Loan Accounts, the Debt Service Fund, the Debt Service Reserve Fund, the Mortgage Reserve Fund and the Redemption Fund together with all Revenues estimated to be earned on such Funds and Accounts will at least be sufficient to pay as and when due all of such Principal Installments and interest.

The scheduled payments of the principal of and the interest on the 2021 Series A Bonds have been based on the assumed receipt of mortgage payments paid to the Agency on Mortgage Loans financed with proceeds of the 2021 Series A Bonds, together with certain investment income on certain Funds and Accounts established by the Resolutions, to the extent provided therein, and the use of moneys in the Debt Service Reserve Fund. To the extent that such investment income differs from the amounts estimated to be received, or any Mortgage Loans go into default, the moneys available for the payment of the principal of and interest on the 2021 Series A Bonds may be affected. As described elsewhere in this Official Statement, moneys may be available from other sources including the Debt Service Reserve Fund and the Mortgage Reserve Fund.

For a description of certain matters that may adversely affect the security for the Bonds, including the 2021 Series A Bonds, see APPENDIX IV—Federal Housing Assistance Programs hereto.

Mortgage Reserve Fund

The General Resolution establishes a mortgage reserve fund (the "Mortgage Reserve Fund") and provides that the mortgage reserve fund requirement (the "Mortgage Reserve Fund Requirement") shall be the aggregate of the amounts, if any, which may be determined with respect to each series of Bonds pursuant to a series resolution. There presently is no amount in the Mortgage Reserve Fund. The Agency has determined that it will not make a deposit into the Mortgage Reserve Fund in connection with the issuance of the 2021 Series A Bonds.

Debt Service Reserve Fund

The General Resolution establishes a debt service reserve fund (the "Debt Service Reserve Fund") and specifies a debt service reserve fund requirement (the "Debt Service Reserve Requirement"). To date, the Debt Service Reserve Requirement is an amount as of any particular date of computation equal to the maximum amount required in any single current or future Fiscal Year for Principal Installments of and interest on the Bonds outstanding on said date of computation other than Bonds issued for the purpose of funding the Debt Service Reserve Fund. Pursuant to pending General Resolution Amendments (as hereinafter defined), the Debt Service Reserve Requirement for Bonds issued after the effective date of the General Resolution Amendments will be the sum of the Debt Service Reserve Requirement for any Outstanding Bonds, with (A) the Debt Service Reserve Requirement for future Series of Bonds issued after the effective date of the General Resolution Amendments permitted to be the amount specified for such Series of Bonds in the related Series Resolution, and (B) the Debt Service Reserve Requirement for any Series of Bonds issued prior to the effective date of the General Resolution Amendments (including the 2021 Series A Bonds) as set forth in the second sentence of this paragraph. See "SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Pending General Resolution Amendments" herein.

An amount at least sufficient to bring the Debt Service Reserve Fund up to the Debt Service Reserve Requirement will be deposited in the Debt Service Reserve Fund from the 2021 Series A Bond proceeds.

If after making transfers to the Debt Service Fund from a Capitalized Interest Account and transfers, if any, from the Mortgage Reserve Fund there shall not be a sufficient amount in the Debt Service Fund to make payment of Principal Installments of or interest on the Bonds, the General Resolution provides that the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Debt Service Fund the amount of such deficiency.

The General Resolution provides that in order to assure the maintenance of the Debt Service Reserve Fund in an amount equal to the Debt Service Reserve Requirement and in compliance with the requirements of the Act, the Chairman of the Agency must annually, on or before February 1, make and deliver to the Governor of the State his certificate stating the amount, if any, required to restore the Debt Service Reserve Fund to the amount of the Debt Service Reserve Requirement. The sum so certified may be appropriated by the State and, if appropriated, paid to the Agency. Any moneys received by the Agency from the State pursuant to any such certification, in accordance with the provisions of the Act and the Resolutions, shall be deposited in the Debt Service Reserve Fund. To date, the Chairman has never been required to certify a sum to restore the Debt Service Reserve Fund Amount to meet the Debt Service Reserve Fund Requirement.

As of the date hereof, the amount on deposit in the Debt Service Reserve Fund is at least equal to the Debt Service Reserve Requirement.

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

Pending General Resolution Amendments

The Agency adopted certain amendments to the General Resolution (the "General Resolution Amendments") at its meeting on March 29, 2021; a portion of such General Resolution Amendments will become effective for all Outstanding Bonds upon the consent of the Holders of at least 60% of the of Bonds Outstanding. Such consent will be evidenced by owners of Bonds through the purchase of Bonds issued on or after March 31, 2021, including the purchase of the 2021 Series A Bonds. It cannot be predicted when the consent of Holders of at least 60% of Bonds Outstanding will be obtained. The General Resolution Amendments were posted to EMMA after the adoption thereof. The Agency will file a subsequent notice on EMMA upon receipt of consent to the General Resolution Amendments from the Holders of at least 60% of Bonds Outstanding.

A portion of the General Resolution Amendments will cure ambiguities and clarify various matters with regards to electronic EMMA notices to bondholders, conditional bond calls, trustee domicile requirements and at-will removal of the Trustee by the Agency (such removal pursuant to notice requirements to the trustee and so long as the Agency is not then in default, and subject to simultaneous replacement of the trustee); such portion of the General Amendments took effect upon adoption of that portion of the General Resolution Amendments and receipt of consent of the Trustee (such consent of the Trustee was received on March 31, 2021). The portion of the General Resolution Amendments which will require consent of Holders of at least 60% of the Bonds Outstanding will: (i) change the definition of Debt Service Reserve Requirement to equal the sum of the Debt Service Reserve Requirement for each Series of Outstanding Bonds, with (A) the Debt Service Reserve Requirement for future Series of Bonds issued after the effective date of the General Resolution Amendments permitted to be the amount specified for such Series of Bonds in the related Series Resolution, and (B) the Debt Service Reserve Requirement for any Series of Bonds issued prior to the effective date of the General Resolution Amendments (including the 2021 Series A Bonds) equaling, as of any particular date of computation and with respect to such Series of Bonds

Outstanding on said date of computation, an amount equal to the maximum amount required in any single current or future Fiscal Year for Principal Installments of and interest on such Series of Bonds Outstanding on said date of computation other than Bonds issued for the purpose of funding the Debt Service Reserve Requirement for such Series of Bonds or such additional amount as was determined pursuant to the related Series Resolution; (ii) expand the definition of Mortgage to include second-lien, subordinate debt and, in the case of leasehold Mortgages, shorten the required minimum leasehold period to 5 years after the maturity of the related mortgage, or as otherwise specified in any Series Resolution; (iii) update the list of Investment Obligations consistent with the permitted investments under the Agency's Multiple Purpose Bond Indenture; and (iv) allow for the filing of Agency financial statements within 180 (instead of 90) days of the end of the Agency's fiscal year.

Certain Definitions

The following are definitions in summary form of certain terms contained in the General Resolution and used herein:

"*Acquired Development*" means a Development or a portion thereof possessed by the Agency as a result of the protection or enforcement of its rights conferred by law or the applicable Mortgage Loan.

"*Acquired Development Expense Requirement*" means the amount of money as may be fixed or determined from time to time by an Officer's Certificate filed with the Trustee to be necessary for the payment of any costs and expenses incurred by the Agency in connection with the possession or ownership of an Acquired Development.

"*Debt Service Requirement*" means, as of any particular date of calculation and with respect to the Bonds outstanding on said date of calculation, an amount equal to any unpaid interest then due, plus any interest to become due at or before the Interest Payment Date next ensuing, plus any unpaid Principal Installment then due, plus any Principal Installment becoming due at or before the Principal Installment Date next ensuing.

"*Debt Service Reserve Requirement*" means, as of any particular date of calculation, an amount equal to the maximum amount required in any single current or future fiscal year for Principal Installments of and interest on the Bonds outstanding on said date of computation other than Bonds issued for the purpose of funding the Debt Service Reserve Fund or such additional amount as may be determined by a series resolution or Supplemental Bond Resolution; provided, however, that this calculation may change for future Series of Bonds (see "—Pending General Resolution Amendments" above).

"*Escrow Payment*" means all payments with respect to any Mortgage Loan made to the Agency in order to obtain or maintain mortgage insurance and fire and other hazard insurance including payments for any federal, state, local or private program intended to assist in providing Mortgage Loans and any payments required to be made with respect to any Mortgage Loan for taxes or other governmental charges or other similar charges to a mortgagor customarily required to be escrowed.

"*Investment Obligations*" means any of the following which at the time are legal investments for moneys of the Agency: (1) direct general obligations of the United States of America and obligations (including obligations of any federal agency or corporation) the payment of the principal and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America; (2) any non-callable or irrevocably called, refunded bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (1) hereof and which at their time of purchase

under the Resolution bear the highest rating available from each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (3) obligations of any of the following: Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, Federal Land Banks, Federal Home Loan Bank System, Federal Farm Credit Bank, Federal National Mortgage Association (excluding "stripped" securities), Export-Import Bank of the United States, Farmers Home Administration, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Student Loan Marketing Association, or Tennessee Valley Authority; (4) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America; (5) obligations of any state of the United States or of any political subdivision or public agency or instrumentality thereof, including the Agency, provided that at the time of their purchase under the Resolution such obligations are rated no lower than the rating assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (6) direct obligations of or obligations guaranteed by the State, provided that at the time of their purchase under the Resolution such obligations are rated no lower than the unenhanced rating assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (7) prime commercial paper of a corporation incorporated under the laws of any state of the United States of America, having at the time of their purchase the highest rating category available from each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; (8) interest-bearing time deposits, certificates of deposit or other similar banking arrangements with banks, provided such deposits are either made with banks having a rating no lower than the rating on the Bonds or are fully collateralized and secured by obligations described in clauses (1) through (6) above, which at all times have a market value (exclusive of accrued interest) at least equal to such deposit so secured, including interest; (9) shares of a diversified open-end money market fund which has either been rated by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds at a level which will not adversely affect the unenhanced ratings on the Bonds or which is invested in obligations described in clauses (1) through (6) above; (10) repurchase agreements for obligations of the type specified in clauses (1), (2) and (3) above, provided either such repurchase agreement is an unconditional obligation of the provider thereof and the provider is rated at a level which will not adversely affect the unenhanced rating on the Bonds or such repurchase agreements are fully collateralized and secured by such obligations which have a market value (exclusive of accrued interest) at least equal to the purchase price of such repurchase agreement; and (11) investment agreements with banks, bank holding companies, insurance companies or other financial institutions, or any other investment obligation or deposit, the investment in which will not adversely affect the then current unenhanced ratings, if any, assigned to the Bonds by each nationally recognized credit rating agency then maintaining a credit rating on the Bonds; provided, however, that this list of investments may change for future Series of Bonds (see "—Pending General Resolution Amendments" above).

"*Mortgage Loan*" means an interest-bearing loan made by the Agency to a Mortgagor for the financing of a Development secured by a Mortgage on such Development.

"*Mortgage Reserve Fund Requirement*" means the aggregate of amounts, if any, which may be determined with respect to each Series of Bonds pursuant to a series resolution, to be maintained in the Mortgage Reserve Fund.

"*Prepayments*" means any moneys received or recovered from any payment of principal or interest on any Mortgage Loan prior to the scheduled payments of principal and interest called for by such Mortgage Loan, other than moneys constituting a Recovery Payment, including any prepayment penalty, fee, premium or other additional charge as may be provided by the terms of such Mortgage Loan and any moneys received or recovered from the sale, assignment or other disposition of a Mortgage Loan other than moneys constituting a Recovery Payment.

"*Principal Installment*" means, as of any particular date of calculation, an amount of money equal to the sum of (a) the principal amount of outstanding Bonds which mature on a single future date, reduced by the aggregate principal amount of such outstanding Bonds which would at or before said future date cease to be outstanding by reason, but only by reason, of the application in accordance with the General Resolution of sinking fund installments at or before said future date, and (b) the amount of any sinking fund installment required to be paid on said future date.

"*Program*" means the Agency's program of making Mortgage Loans, including the payment when due of principal and redemption premium, if any, of and interest on Notes.

"*Rebate Provision*" means Section 148(f) of the Internal Revenue Code of 1986 (the "Code").

"*Recovery Payment*" means any moneys received or recovered by the Agency, less the expenses necessarily incurred by the Agency in connection with the collection of such amount, from the (i) condemnation of mortgaged premises, (ii) proceedings taken in the event of default by the Mortgagor, (iii) any claim settlement for mortgage insurance, guarantee or hazard insurance, (iv) the sale or other disposition of an Acquired Development and (v) the sale or other disposition of a Mortgage Loan which is in default for the purpose of realizing on the Agency's interest therein; but not including payments or charges constituting construction or operating contingency, performance or completion payments or replacement reserves required pursuant to the applicable Mortgage Loan.

"*Revenues*" means all payments, proceeds, charges, rents and all other income derived in cash by or for the account of the Agency from or related to the Program, including, without limiting the generality of the foregoing, scheduled amortization payments of principal of and interest on Mortgage Loans, but not including Prepayments, Recovery Payments, Acquired Development Operating Income, Escrow Payments or financing fees or commitment fees or any payments or charges constituting construction or operating contingency, performance or completion payments or replacement revenues required pursuant to the applicable Mortgage Loan.

Additional Bonds

Issuance of additional Bonds is conditioned upon, among other things: (i) that the principal amount of the additional Bonds to be issued, together with the principal amount of the Bonds and other obligations of the Agency theretofore issued, will not, in the opinion of counsel to the Agency, exceed in aggregate principal amount any limitation thereon imposed by law; (ii) at the time of the issuance of such Bonds, other than refunding Bonds, there is no deficiency in any Fund or Account created by the General Resolution other than the Debt Service Reserve Fund and that upon the issuance and delivery of the additional Series of Bonds and the application of the proceeds thereof, the Debt Service Reserve Fund shall not be less than the Debt Service Reserve Requirement; and (iii) that, after such issuance, there shall be no adverse material effect on the ability of the Agency to pay the Principal Installments of and interest on the Bonds then outstanding.

The Agency may adopt one or more other general bond resolutions and reserves the right to issue other obligations thereunder, so long as such obligations are not secured by a charge and lien on the Revenues or any of the Funds or Accounts established and created by or pursuant to the General Resolution.

The Agency may issue refunding Bonds of one or more Series pursuant to a series resolution or resolutions to refund any outstanding Bonds whether by payment at maturity or by redemption.

Pledge of Revenues and Funds

A pledge of the Mortgage Loans and the documents evidencing and rights incident to such Mortgage Loans, Revenues, Prepayments, Recovery Payments, Acquired Development Operating Income and all moneys, securities and Funds or accounts held or set aside or to be held or set aside pursuant to the General Resolution by any Fiduciary (except Escrow Payments and the Multi-Family Escrow Payment Account) is made and the same are pledged to secure the payments of the principal or Redemption Price of and interest on the Bonds except that the Agency may use receipts derived from the operation of Acquired Developments for the payment of costs and expenses incurred in connection with the possession or ownership of Acquired Developments.

Application of Bond Proceeds

Of the proceeds of sale of Bonds of each Series, including accrued interest, the following amounts shall, on the date of the delivery of such Bonds by the Agency, be paid as follows:

(a) To the Trustee, to be held in the Debt Service Reserve Fund, such amount, if any, necessary to increase the amount in the Debt Service Reserve Fund to the Debt Service Reserve Requirement;

(b) To the Trustee, to be held in the Debt Service Fund, the amount, if any, of interest accrued from the date of such Bonds to the date of delivery of such Bonds;

(c) To the Trustee, to be held in the Mortgage Reserve Fund, the amount, if any, as shall be specified in the applicable series resolution;

(d) To the Trustee, to be held in the applicable Cost of Issuance Account, the amount, if any, as shall be specified in the applicable series resolution as necessary to pay or provide for the payment of Costs of Issuance;

(e) To the Trustee, to be held in the applicable Capitalized Interest Account, the amount, if any, as shall be specified in the applicable series resolution to be deposited therein for payment of interest on Bonds;

(f) To the Trustee, to be held in the applicable Note Repayment Account established by the series resolution authorizing the issuance of such Bonds, the amount of proceeds derived from the sale of such series of bonds, if any, as shall be specified in said series resolution for the purpose of paying the principal of, redemption premiums, if any, and interest on the Notes; and

(g) To the Trustee, to be held in the applicable Mortgage Loan Account, or in the event of the issuance of refunding Bonds, to the Trustee to be held in the Redemption Fund, the balance of such proceeds remaining after the foregoing payments.

Establishment of Funds

The General Resolution establishes the following Funds, which shall be special Funds held by the Trustee:

(a) Revenue Fund;

(b) Debt Service Fund;

(c) Debt Service Reserve Fund;

(d) Acquired Development Expense Fund;

(e) Redemption Fund:

  (i) Optional Redemption Account; and

  (ii) Special Redemption Account;

(f) Mortgage Reserve Fund; and

(g) Program Fund:

  (i) Mortgage Loan Accounts;

  (ii) Cost of Issuance Accounts;

  (iii) Capitalized Interest Accounts; and

  (iv) Note Repayment Accounts.

The General Resolution establishes the Multi-Family Escrow Payment Account within the General Fund which shall be a special account held by the Agency. In addition, the Series Resolution establishes the 2021 Series A Rebate Account.

Application of Revenues and Other Moneys

All Revenues, Prepayments, Recovery Payments and Acquired Development Operating Income shall be collected by or on behalf of the Agency and deposited on the date of receipt thereof, as far as practicable, in the name of the Trustee with a depository or depositories, each fully qualified under the General Resolution to receive the same as deposits of moneys held by the Trustee, designated by the Agency, and statements giving the amount of each such deposit and the name of the depository shall be forwarded promptly to the Trustee by or on behalf of the Agency and by such depository. The Trustee shall be responsible to account only for moneys actually so deposited.

All Revenues shall be paid by the Trustee into and credited to the Revenue Fund.

All Prepayments shall be paid by the Trustee into and credited to the applicable Mortgage Loan Account in the Program Fund or the Optional Redemption Account in the Redemption Fund as directed by the Agency except that a portion of any Prepayment may, pursuant to the General Resolution, be paid into and credited to the Debt Service Fund.

All Recovery Payments shall be paid by the Trustee into and credited to the Special Redemption Account in the Redemption Fund.

Acquired Development Operating Income shall be paid by the Trustee into and credited to the Acquired Development Expense Fund to the extent, if any, required to restore such Fund to the Acquired Development Expense Requirement, and the remaining Acquired Development Operating Income shall be paid by the Trustee into and credited to the Revenue Fund.

All Escrow Payments shall be deposited in the Multi-Family Escrow Payment Account.

All payments or charges constituting construction or operating contingency, performance or completion payments, or replacement reserves required pursuant to the applicable Mortgage Loan shall be deposited in the Mortgage Loan Account relating to such Mortgage Loan.

In the event that the Agency receives a single payment constituting Revenues, Prepayments, Recovery Payments, Acquired Development Operating Income, Escrow Payments or any combination thereof, the Agency shall segregate such payment into Revenues, Prepayments, Recovery Payments or Escrow Payments, as the case may be, prior to making the deposit.

The Trustee, as of the first day of each month (or, at the option of the Agency, of each semi-annual period) and within five business days thereafter, shall, out of any moneys in the Revenue Fund make payments into the following several Funds (or the General Fund), but as to each Fund (or the General Fund) only within the limitation herein below indicated with respect thereto and only after maximum payment within such limitation into every such Fund previously mentioned in the following tabulation:

FIRST, into the Debt Service Fund, to the extent, if any, needed to increase the amount in the Debt Service Fund so that it equals the Debt Service Requirement;

SECOND, into the Debt Service Reserve Fund, to the extent, if any, needed to increase the amount in the Debt Service Reserve Fund so that it equals the Debt Service Reserve Requirement;

THIRD, into the Acquired Development Expense Fund, to the extent, if any, needed to increase the amount in the Acquired Development Expense Fund so that it equals the Acquired Development Expense Requirement;

FOURTH, into the Mortgage Reserve Fund, to the extent, if any, needed to increase the amount in the Mortgage Reserve Fund so that it equals the Mortgage Reserve Fund Requirement;

FIFTH, into the 2021 Series A Rebate Account or any other rebate account established pursuant to a series resolution, to the extent, if any, required by the provisions of the applicable series resolution; and

SIXTH, into the General Fund, to any extent.

Application of Funds

Debt Service Fund. The Trustee shall pay out of the Debt Service Fund to the respective Paying Agents (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; and (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date.

If all previously required or authorized withdrawals from the Debt Service Fund shall have been made, the Trustee shall, on any Principal Installment Date, withdraw from the Debt Service Fund the amount of any excess therein over the Debt Service Requirement and the Trustee shall deposit the amount so withdrawn in the Revenue Fund.

The interest earned or other income derived from the investment or deposit of moneys in the Debt Service Fund shall be transferred by the Trustee upon receipt thereof to the Revenue Fund.

Debt Service Reserve Fund. The Agency shall pay into the Debt Service Reserve Fund any moneys paid to the Agency pursuant to the Act for the purpose of restoring the Debt Service Reserve Fund to the amount of the Debt Service Reserve Requirement; such portion of the proceeds of sale of Bonds, if any, as shall be provided by the series resolution authorizing the issuance thereof; and the Trustee shall deposit in and credit to the Debt Service Reserve Fund all moneys transferred from the Revenue Fund.

If, after making certain transfers from Capitalized Interest Accounts within the Program Fund and from the Mortgage Reserve Fund, there are insufficient amounts in the Debt Service Fund to make payment of Principal Installments of or interest on the Bonds, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Debt Service Fund the amount of the deficiency.

In the event there are sufficient moneys in the Funds and accounts created by the General Resolution and pledged to the payment of Bonds to pay the Redemption Price of and interest on all Bonds outstanding, the Agency may elect to redeem all bonds outstanding pursuant to the General Resolution. In the event the Agency elects to redeem the outstanding Bonds, upon compliance with the provisions of the General Resolution, the Trustee shall transfer to the Optional Redemption Account in the Redemption Fund the amount required for the redemption of such Bonds which shall be applied to such redemption.

On any Interest Payment Date, if all withdrawals or payments from the Debt Service Reserve Fund required by any other provision of the General Resolution with respect to the same and every prior date shall have sooner been made, the Trustee shall withdraw from the Debt Service Reserve Fund the amount of any excess therein over the Debt Service Reserve Requirement attributable to interest or other income derived from the investment or deposit of the Debt Service Reserve Fund and deposit the same in the Revenue Fund, and, upon receipt of an Officer's Certificate signed by an Authorized Officer, shall withdraw from the Debt Service Reserve Fund the amount of any excess therein over the Debt Service Reserve Requirement attributable to a decrease in the Debt Service Reserve Requirement and deposit the same in the Debt Service Fund.

Mortgage Reserve Fund. Amounts held in the Mortgage Reserve Fund shall be transferred to the Debt Service Fund to restore a deficiency therein or to the Redemption Fund, if directed by the Agency, to make payments of Principal Installments on, redemption price of and interest on the Bonds.

Redemption Fund. The Redemption Fund includes a Special Redemption Account and an Optional Redemption Account. Amounts in the Special Redemption Account are to be applied by the Trustee for the purchase or redemption of Bonds at a price and premium as set forth in the applicable series resolution. Amounts in the Optional Redemption Account are to be applied by the Trustee for the purchase or redemption of Bonds at a price set forth in the applicable series resolution. The Agency shall direct the selection of the series of Bonds to be purchased, and the amount and maturities of the Bonds to be redeemed. Such purchases or redemptions shall be made by the Trustee in the manner provided in the Resolutions.

Prior to any purchase or redemption of Bonds the Agency shall have filed with the Trustee an Officer's Certificate setting forth a schedule of anticipated Revenues to be derived from all Mortgage Loans outstanding and anticipated to be made after giving effect to any estimated Prepayments and stating that the Agency expects that such Prepayments will be made on or before the dates as of which they have been estimated to be made in such schedule, together with a schedule of Principal Installments of and interest on all Bonds which will be outstanding after giving effect to such purchase or redemption as determined pursuant to the Resolutions, and other purchases and redemptions expected to be made with such Prepayments, and showing that such anticipated Revenues, together with any other amounts to be held in the Debt Service Fund, the Debt Service Reserve Fund, the Mortgage Reserve Fund and the Redemption Fund together with all Revenues estimated to be earned on the Funds and Accounts after such purchase or redemption, will at least be sufficient to pay as and when due all of such Principal Installments and interest.

Acquired Development Expense Fund. Moneys deposited in the Acquired Development Expense Fund pursuant to the General Resolution shall be applied to the payment of any of the costs and expenses incurred by the Agency in connection with Acquired Developments. In the event that the Agency is in possession of an Acquired Development, the Agency shall, on a monthly or other reasonable basis, file with the Trustee an Officer's Certificate stating the amounts required (less the unencumbered amount remaining

from the previous filing period) by the Agency for operation and maintenance of such Acquired Developments, stating in general the purpose of such costs and expenses. Upon receipt of such Officer's Certificate, the Trustee shall transfer to the Agency the amount so required for payment by the Agency of such costs and expenses. The Agency shall keep proper books and records of its expenditures in connection with Acquired Developments which shall be available for inspection by the Trustee at reasonable times.

Multi-Family Escrow Payment Account. Escrow Payments received by the Agency, whether separately or as part of some other payment shall be deposited in the Multi-Family Escrow Payment Account and shall be promptly applied by the Agency to the purpose for which such payments were received, and any such payments received by the Trustee, whether separately or as part of some other payment, shall immediately be paid by the Trustee to the Agency and applied by the Agency in the manner set forth above.

Rebate Account. The Series Resolution establishes in the General Fund a separate trust account to be held by the Trustee and designated the "2021 Series A Rebate Account." Amounts in such Rebate Account are not subject to the pledge or lien of the General Resolution. Amounts on deposit in such Rebate Account will be applied as provided in the Series Resolution. With respect to the 2021 Series A Bonds, the Agency will pay or cause to be paid from the Rebate Account to the United States on behalf of the Agency an amount equal to the amount determined in accordance with the Code of certain investment earnings to the extent such investment earnings exceed the amount that would have been earned on such investments if the investments had been invested at a rate of return equal to the yield on the 2021 Series A Bonds, plus any income attributable to the investment of such excess. If the amount on deposit in the Rebate Account is insufficient for such payment, the Agency has covenanted to make up the deficiency from its own funds.

General Fund. Except as provided in the General Resolution, all amounts paid to the Agency for deposit in the General Fund shall be free and clear of any lien or pledge created by the General Resolution and may be used for any lawful purpose, including without limiting the generality of the foregoing payments to the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund, the Redemption Fund, any Mortgage Loan Account, the Multi-Family Escrow Payment Fund or the Acquired Development Expense Fund.

Investment of Certain Funds and Accounts

Moneys in the Funds and Accounts held under the General Resolution shall be invested in Investment Obligations the maturity or redemption date of which shall coincide as nearly as practicable with the times at which moneys in said Fund or Account will be required for the purposes provided in the General Resolution. In lieu of the investment of moneys in Investment Obligations, the Trustee shall, upon written direction of an authorized officer of the Agency, deposit moneys held by it under the General Resolution in certificates of deposit or in interest-bearing time deposits, or shall make other similar banking arrangements with itself or a member bank or banks of the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, and provided that, except for deposits of moneys held in the Revenue Fund and so deposited or deposits covered by insurance with the Federal Deposit Insurance Corporation, such deposits or other similar banking arrangement shall be continuously secured as to both principal and interest by (i) Investment Obligations, (ii) bonds, notes or other obligations of the Agency, (iii) direct and general obligations of any state of the United States or of any political subdivision of the State rated in either of the two highest rating categories by a nationally recognized bond rating agency, all of which shall have a market value equal at all times to the amount of such deposits.

The Agency has covenanted not to permit any of the proceeds of the Bonds or any other funds of the Agency to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bonds to be an "arbitrage bond" as defined in Section 148(a) of the Code.

Events of Default

Events of Default specified in the General Resolution include failure to pay principal or redemption price of or interest on any Bond when due; failure to redeem Bonds subject to redemption by operation of Sinking Fund Installments in a principal amount equal to such Sinking Fund Installment when due; failure of the Chairman of the Agency to certify to the Governor or Governor-elect, or, upon such certification, failure of the State to appropriate and pay to the Agency deficiencies in the Debt Service Reserve Fund during the then current State fiscal year as provided for under the Act and in the General Resolution; failure for 90 days after written notice thereof in the performance or observance of any other covenant, contract or other provision in the Bonds or the Resolutions; and the filing by the Agency of a petition a composition of indebtedness under the federal bankruptcy laws, or a federal or Vermont statute.

Remedies

Upon the happening and continuance of an Event of Default, the Trustee in its own name on behalf and for the benefit and protection of the holders of all Bonds and coupons, if any, may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding, shall proceed, to protect and enforce its rights and, to the full extent available to the holders of such Bonds themselves, the rights of the holders of such Bonds under the laws of the State or under the Resolutions by such suits, actions or proceedings in equity or at law, for the specific performance of any covenant or contract contained therein, or in aid or execution of any power therein granted, or for any proper legal or equitable remedy, as the Trustee shall deem most effectual to protect and enforce such rights.

Amendment

The General Resolution provides that modification or amendment of the General Resolution may be made by a Supplemental Bond Resolution with the written consent of the Holders of at least 60% in principal amount of the Bonds Outstanding; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds for purposes of amendment consent. Additionally, no modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bonds or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or the rate of interest thereon without the consent of the Holders of such Bonds. Notwithstanding the limitations of the preceding sentence, the terms and provisions of the Bond Resolutions and the rights and obligations of the Agency and the Holders of Bonds and the coupons thereunder, may be modified or amended in any respect upon the adoption by the Agency and the consent of to such resolution of the Holders of 100% of the Bonds then Outstanding.

Supplemental Resolutions

The Agency may adopt (without the consent of any holders of the Bonds but with the consent of the Trustee) Supplemental Resolutions for the following purposes: (i) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolutions; (ii) to provide for additional duties of the Trustee in connection with the Mortgage Loans or to expand the duties or responsibilities of the Trustee; (iii) to insert such provisions clarifying matters or questions arising under the Resolutions as are necessary or desirable and are not contrary to or inconsistent with the Resolutions as in effect at the time of such resolution; (iv) to make such modifications or changes that are not materially adverse to the interests of the Bondholders, in the judgment of the Trustee, which may rely on an opinion of counsel; (v) to grant to or confer upon the Trustee for the benefit of the Holders of the Bonds or any credit provider, including any bond insurer, any additional rights, remedies, powers or authority that may

lawfully be granted to or conferred upon the Holders of the Bonds or any credit provider, including any bond insurer, or the Trustee or any of them; (vi) to make any modifications or changes that shall adversely affect the Trustee's rights, immunities and protections; and (vii) to make any and all changes necessary to implement credit enhancement, including bond insurance, which do not adversely affect the ratings of the Bonds.

Defeasance

If the Agency pays the Principal Amount, interest and Redemption Price, if any, to become due on all Outstanding Bonds, then the pledge of Revenues, Mortgage Loans or other money and securities and all the rights granted by the General Resolution will be discharged and satisfied. All Outstanding Bonds of any series will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning of the foregoing sentence, if among other things, there has been deposited with the Trustee either money in an amount sufficient or Investment Obligations as defined in clauses (i) and (ii) of the definition of Investment Obligations the principal of and interest on which when due will provide money in an amount sufficient to pay when due the Principal Amount or Redemption Price, if applicable, of and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be.

TRUSTEE

The Trustee for the 2021 Series A Bonds is The Bank of New York Mellon Trust Company, N.A., as successor to Banknorth, National Association. The Trustee also serves as bond trustee for other outstanding bonds of the Agency. Payments of principal, premiums, if any, and interest on the 2021 Series A Bonds are payable at the Paying Agent's designated corporate trust office in Jacksonville, Florida.

PLEDGE AND AGREEMENT OF THE STATE

Under the Act, the State pledges and agrees with the holders of bonds that the State will not limit or restrict the rights vested in the Agency to perform its obligations and to fulfill the terms of any agreement made with the holders of its bonds or in any way impair the rights and remedies of the holders of the bonds until the bonds and interest thereon are fully met, paid and discharged.

The Act provides that bonds and other obligations of the Agency will not be deemed to constitute a debt or liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but will be payable solely from revenues or assets of the Agency.

NO LITIGATION

There is no controversy or litigation of any nature now pending or, to the knowledge of the Agency, threatened, restraining or enjoining the issuance, sale, execution or delivery of the 2021 Series A Bonds or the making (or reimbursement of the Agency for making) of the Mortgage Loans with the proceeds of the 2021 Series A Bonds, or in any way contesting or affecting any authority for the issuance of or the validity of the 2021 Series A Bonds, any proceedings of the Agency taken with respect to the issuance or sale thereof, the pledge or application of any money or security provided for the payment of the 2021 Series A Bonds, or the existence or powers of the Agency.

FINANCIAL STATEMENTS OF THE AGENCY

The financial statements of the Agency for the year ended June 30, 2020 included in APPENDIX I-A hereto have been audited by CohnReznick LLP, independent certified public accountants, whose report thereon is also included in APPENDIX I. CohnReznick LLP has not been engaged to perform and has not performed, since the date of its report, any procedures on the financial statements addressed in that report. CohnReznick LLP also has not performed any procedures relating to this Official Statement.

The unaudited financial statements of the Agency as of the six-month period ended December 31, 2020, are included in APPENDIX I-B hereto.

RATING

The 2021 Series A Bonds have been assigned the municipal bond rating of "Aa3" by Moody's Investors Service, Inc. The Agency has not requested a rating on the Bonds from any other rating agency.

Certain information was supplied by the Agency to the rating agency to be considered in evaluating the 2021 Series A Bonds. The rating issued reflects only the view of the rating agency and any explanation of the significance of such ratings may be obtained only from the rating agency. No assurance can be given that such rating will be retained for any given period of time or that it will not be revised or withdrawn entirely if, in the judgment of the rating agency or the Agency, circumstances so warrant. Any such revision or withdrawal of such rating obtained may have an adverse effect on the market price of the 2021 Series A Bonds.

On October 23, 2019, the Agency requested the withdrawal of ratings on the Prior Bonds provided by S&P Global Ratings; the withdrawal of such ratings occurred on December 17, 2019.

CONTINUING DISCLOSURE

In connection with the issuance of the 2021 Series A Bonds, the Agency has agreed to file annually, within 180 days after the close of each Fiscal Year, beginning with the fiscal year ending June 30, 2021, financial statements for such Fiscal Year and to provide notices of the occurrence of certain enumerated events, if material. Such information will be provided to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) System. The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized in "APPENDIX VI–Form of Continuing Disclosure Agreement." These covenants have been made in order to assist the Underwriter in complying with the Securities and Exchange Commission Rule 15c2-12(b)(5).

During the previous five years, there have been instances where the Agency has not complied in all respects with the annual financial information and operating data requirements of its Continuing Disclosure Agreements related to (i) its Multi-Family Mortgage Bonds and (ii) its Multiple Purpose Bonds issued by the Agency pursuant to a separate bond indenture. The disclosure deficiencies relating to the Agency's Multi-Family Mortgage Bonds relate to a failure to properly associate the CUSIPs for its Multi-Family Mortgage Bonds, 2014 Series ABC with its timely filed Multi-Family Mortgage Bond annual data report for Fiscal Year 2014; such report was associated with the CUSIPS for its Multi-Family Mortgage Bonds 2014 Series ABC in December 2016 when the error was discovered and a related notice of late filing was filed on December 19, 2016. The disclosure deficiencies relating to the Agency's Multiple Purpose Bonds were (i) three late bond redemption notice filings by the Trustee related to the Agency's Multiple Purpose Bonds (such redemption notices were posted by the Trustee on April 22, 2016, after the due date of March 30, 2016), and (ii) a failure to properly associate three CUSIPs of Multiple Purpose Bonds, 2018 Series G with the Agency's timely filed notice of a rating upgrade which occurred in January, 2020 (upon

discovery of such omission in March 2021, the notice of rating upgrade has since been associated with such CUSIPs and a related notice of late filing was filed on March 15, 2021). The Agency has implemented procedures intended to ensure correct filings for its future continuing disclosure obligations.

APPROVAL OF LEGALITY

All legal matters related to the authorization, issuance, sale and delivery of the 2021 Series A Bonds are subject to the approval of Kutak Rock LLP, Bond Counsel. The unqualified approving opinion of Bond Counsel, substantially in the form attached hereto as APPENDIX V, will be delivered with the 2021 Series A Bonds. Certain legal matters will be passed upon for the Agency by George N. Demas, Esq., counsel to the Agency, and for the Underwriter by its counsel, Hawkins Delafield & Wood LLP.

UNDERWRITING

The 2021 Series A Bonds are being purchased by Raymond James & Associates, Inc. (the "Underwriter"), listed on the cover hereof, at a price equal to $10,490,000.00. The underwriter will be paid a fee in connection with the purchase of the 2021 Series A Bonds in an amount equal to $99,178.54. The obligation of the Underwriter to accept delivery of the 2021 Series A Bonds is subject to certain conditions contained in the Bond Purchase Contract related to the 2021 Series A Bonds. The Underwriter may offer and sell the 2021 Series A Bonds to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter and its affiliates, if any, are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Such Underwriter and its affiliates, from time to time, may have performed, and in the future may perform, various investment banking services for the Agency, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, such Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Agency.

TAX MATTERS

2021 Series A Bonds

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered on the date of issuance of the 2021 Series A Bonds, and assuming compliance by the Agency with covenants in the Resolution described in the succeeding paragraphs, under existing laws, regulations, rulings and judicial decisions, interest on the 2021 Series A Bonds is excluded from gross income for federal income tax purposes, except that no opinion is expressed with respect to interest on any 2021 Series A Bond or any period during which such 2021 Series A Bond is held by a "substantial user" of the facilities allocable thereto or a "related person" as those terms are defined in Section 147 of the Code. The form of such Bond Counsel opinion is attached hereto as APPENDIX V.

Bond Counsel is further of the opinion that interest on the 2021 Series A Bonds is not a specific preference item for purposes of the alternative minimum tax provisions imposed by the Code.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met with respect to the 2021 Series A Bonds subsequent to issuance in order that interest thereon be excluded from gross income for federal income tax purposes. Failure to comply with such applicable requirements could cause the interest on the 2021 Series A Bonds to be includable in gross income retroactive to the date of original issuance of the 2021 Series A Bonds. Certain of these requirements must be met on a continuous basis throughout the term of the 2021 Series A Bonds. These requirements include (a) limitations as to the use of the proceeds of the 2021 Series A Bonds and the use of the facilities financed by the 2021 Series A Bonds, (b) limitations on the extent to which amounts treated as proceeds of the 2021 Series A Bonds may be invested in higher-yielding investments, and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on amounts treated as proceeds of the 2021 Series A Bonds above the yield on the 2021 Series A Bonds to be paid to the United States Treasury. The Agency will covenant and represent in the Resolutions that it will take all steps to comply with the requirements of the Code to the extent necessary to maintain the exclusion of interest on the 2021 Series A Bonds from gross income for federal income tax purposes. The failure or inability of the Agency or the owner of the facilities to comply with these requirements could cause the interest on the 2021 Series A Bonds to be included in gross income from the date of issuance.

Section 148 of the Code sets forth, as a condition to the exclusion of interest from gross income for federal income tax purposes on governmental obligations, such as the 2021 Series A Bonds, certain restrictions regarding the investment of the "gross proceeds" of such obligations. These "arbitrage" provisions set forth limitations on the yield of investments acquired with "gross proceeds" of the 2021 Series A Bonds and also provide for periodic rebate of specified portions of the arbitrage profit derived from such investments. Failure to comply with such requirements at any time could retroactively affect the exclusion from gross income for federal income tax purposes of interest on the 2021 Series A Bonds. The Agency has covenanted to comply with the ongoing requirements of Section 148 of the Code, including requirements regarding, among other things, limitations on investment of the 2021 Series A Bond proceeds and rebate to the federal government, which covenants, if complied with, will satisfy Section 148 of the Code.

A portion of the 2021 Series A Bonds are subject to requirements that the facilities financed with the proceeds of the 2021 Series A Bonds must be used as "residential rental projects" for the "qualified project period." In order to qualify as "residential rental projects," at least 20% of the residential units in the development must be occupied by individuals whose income is 50% or less of median gross income or 40% of the residential units with incomes of 60% or less of median gross income. The Code requires that the income of individuals and area median gross income must be determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and median gross income under Section 8 of the Housing Act. These income determinations are required to include adjustments for family size.

The "qualified project period" is defined as that period of time beginning on the first day on which at least 10% of the units in the project are occupied and ending on the latest of (a) the date which is 15 years after the date on which at least 50% of the units in the project that are provided with the proceeds of the issue are first occupied, (b) the first day on which no tax-exempt bond issue with respect to the project is outstanding, or (c) the date on which any assistance provided with respect to the project under Section 8 of the Housing Act terminates.

Although Bond Counsel will render an opinion that interest on the 2021 Series A Bonds will not be included in gross income for federal income tax purposes, the accrual or receipt of interest on the 2021 Series A Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the 2021

Series A Bonds, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to carry tax-exempt obligations are advised to consult their tax advisors as to the tax consequences of purchasing, holding or selling the 2021 Series A Bonds.

THE EXTENT OF THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE 2021 SERIES A BONDS WILL DEPEND UPON THE BONDHOLDER'S TAX STATUS OR OTHER ITEMS OF INCOME OR DEDUCTION. PURCHASERS OF THE 2021 SERIES A BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE CONSEQUENCES OF PURCHASING OR HOLDING THE 2021 SERIES A BONDS.

Original Issue Discount. The 2021 Series A Bonds that have an original yield above their respective interest rates, as shown in this Official Statement (collectively, the "Discount Bonds"), are being sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding "qualified stated interest" within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond or is otherwise required to be recognized in gross income is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the "adjusted issue price" of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium. The 2021 Series A Bonds that have an original yield below their respective interest rates, as shown in this Official Statement (collectively, the "Premium Bonds"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond

must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the 2021 Series A Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the 2021 Series A Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the 2021 Series A Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Related Tax Matters

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or otherwise prevent beneficial owners of the 2021 Series A Bonds from realizing the full current benefit of the tax status of such interest, or adversely affect the market value of the 2021 Series A Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the 2021 Series A Bonds. Purchasers of the 2021 Series A Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2021 Series A Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending or proposed legislation, regulatory initiatives or litigation.

Vermont Taxes

The Act provides that bonds and notes of the Agency, including the 2021 Series A Bonds, and the interest thereon, are at all times free from all Vermont taxation, franchise fees or special assessments except for transfer, inheritance and estate taxes. The 2021 Series A Bonds and the income therefrom may be subject to taxation under the laws of the states other than the State of Vermont.

MISCELLANEOUS

The references herein to the Act, the Resolutions and the Section 8 program are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Resolutions and the Section 8 program and all regulations and rulings thereunder for full and complete

statements of such provisions. The agreements of the Agency with the holders of the 2021 Series A Bonds are fully set forth in the Resolutions and this Official Statement is not to be construed as a contract with the purchasers of the 2021 Series A Bonds. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Copies of the Act and the Resolutions are on file at the office of the Agency. The address of the Agency is 164 Saint Paul Street, Burlington, Vermont 05401 and its telephone number is (802) 864-5743.

The execution and delivery of this Official Statement by its Executive Director have been duly authorized by the Agency.

VERMONT HOUSING FINANCE AGENCY

By */s/ Maura Collins*
Executive Director

APPENDIX I-A

AUDITED FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2020
(WITH INDEPENDENT AUDITOR'S REPORT THEREON)

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VERMONT HOUSING FINANCE AGENCY

(A Component Unit of the State of Vermont)

Financial Statements and
Required Supplementary Information

June 30, 2020

(With Independent Auditor's Report Thereon)

CohnReznick

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VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

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Independent Auditor's Report

The Honorable Douglas R. Hoffer
State Auditor of the State of Vermont
and
The Commissioners
Vermont Housing Finance Agency

Report on the Financial Statements

We have audited the accompanying statements of net position, revenues, expenses and changes in net position, and cash flows of Vermont Housing Finance Agency (the "Agency"), a component unit of the State of Vermont, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2020 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

CohnReznick LLP

Baltimore, Maryland
September 24, 2020

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Management's Discussion and Analysis – Required Supplementary Information

June 30, 2020

This section of the Vermont Housing Finance Agency's (the Agency) annual Financial Report presents management's discussion and analysis of its financial performance and significant changes in financial position for the fiscal year ended June 30, 2020. Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole.

Overview of the Agency

The Agency was created in 1974 by an Act of the General Assembly of the State of Vermont. The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is authorized to issue bonds and other obligations to fulfill its corporate purposes. Obligations of the Agency do not constitute debt of the State of Vermont.

The majority of the Agency's funding has been provided from the proceeds of sales of tax-exempt and taxable bonds and notes, and advances from lending institutions. Since September 1974, the Agency has issued $3.8 billion of bonds, notes and line of credit borrowings, of which $496 million was outstanding as of June 30, 2020, to finance its various programs. The proceeds of the debt have been or will be used to make mortgage loans to sponsors of Multi-Family residential housing units for persons and families of low and moderate income in the State and to purchase mortgage backed securities (MBS) or mortgage loans on Single Family residential housing units for persons and families of low and moderate income in the State. The bonds are secured pursuant to the terms of the resolutions under which they were issued.

Overview of the Financial Statements

The Agency's financial statements consist of three parts – Management's Discussion and Analysis, the basic financial statements and the notes to the financial statements. The basic financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The notes to the basic financial statements are intended to provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

The Agency's Statement of Net Position consists primarily of single family and multi-family mortgage loans, mortgage backed securities, cash and investments, and related bonds and notes payable. It also includes a portfolio of construction loans, as well as a variety of other assets such as real estate owned and capital assets.

Cash and investments are used to fund loan and MBS purchases, bond debt service, and reserve funds, and are typically held in guaranteed investment contracts or other investment vehicles, as authorized in accordance with the Agency's investment policy.

The following table summarizes the Net Position of the Agency as of June 30, 2020 with comparative data from the prior fiscal year (dollars in thousands):

	2020	2019	Percentage change
Assets:			
Cash and investments	$ 79,811	62,245	28.2%
Loans receivable, net	241,823	242,220	(0.2)
Mortgage backed securities	258,735	241,502	7.1
Other assets	3,975	4,071	(2.4)
Total assets	584,344	550,038	6.2
Deferred Outflows of Resources:			
VHCB related deferred outflows	32,859	26,303	24.9
Interest rate swap agreements	670	284	135.9
Total deferred outflows of resources	33,529	26,587	26.1
Total assets and deferred outflows of resources	617,873	576,625	7.2
Liabilities:			
Bond and notes payable	496,125	469,621	5.6
Other liabilities	8,550	7,665	11.5
Total liabilities	504,675	477,286	5.7
Net position:			
Invested in capital assets	642	667	(3.7)
Restricted for bond resolutions	100,250	87,223	14.9
Restricted for special purpose loans	4,067	4,401	(7.6)
Unrestricted	8,239	7,048	16.9
Total net position	$ 113,198	99,339	14.0%

Total assets increased by $34.3 million for the fiscal year ended June 30, 2020 when compared to the year ended June 30, 2019, primarily because cash and investments increased by $17.6 million, or 28.2%, and mortgage backed securities increased by $17.2 million or 7.1%. A large percentage of the cash and investment increase can be attributed to new bond proceeds from the Multiple Purpose 2020 A bond issue, which will be used to purchase $25.3 million in new mortgage backed securities. The increase in mortgage backed securities is largely due to the purchase of approximately $25.3 million in new securities with proceeds of the Multiple Purpose 2019A bond issue.

(Continued)

In addition to the aforementioned increase in mortgage backed securities (MBS), mortgage loans receivable decreased by a net of $397 thousand or 0.2%. Major contributors to mortgage loan and MBS changes were as follows:

- Total loan originations in the fiscal year were $105.7 million, vs. $115.7 million for the same twelve month period last fiscal year and include:
    - multi-family originations totaling $53.5 million for the twelve month period and
    - single family loan production for the twelve months of $52.2 million which was comprised of $17.8 million in TBA (to be announced, TBA Model) securitization (105 loans), $33.4 million in bond financed mortgage backed securities (207 loans), and $1 million in down payment assistance loans (229 loans).
- The multi-family portfolio experienced $40.6 million in principal collections and the single family portfolio experienced $38.6 million in whole loan and MBS principal collections for the twelve months.
- The amount of nonperforming loans transferred out of mortgage loans receivable for the twelve months was $816 thousand.

The following table summarizes the change in mortgage loans receivable for the year ended June 30, 2020 (in thousands):

	2020
Beginning balance	$ 242,220
Whole loan originations	53,505
Down Payment Assistance loans	1,050
Principal collections	(53,864)
Nonperforming loans transferred out	(816)
Loan loss provision	(272)
Ending balance	$ 241,823

The following table summarizes the change in mortgage backed securities for the year ended June 30, 2020 (in thousands):

	2020
Beginning balance	$ 241,502
MBS Purchases	33,441
Principal Paydowns on MBS	(25,362)
TBA Purchases	17,793
TBA Sold	(18,025)
Gain on TBA Sold	232
Appreciation in fair value	9,154
Ending balance	$ 258,735

The increase of $386 thousand in Deferred Outflows of Resources – Interest rate swap agreements is due in part to a swap entered into by the Agency to hedge the issuance of $5.0 million of variable rate bonds as part of the Multiple Purpose 2019A bond issue. The increase in the valuation of the swaps is also a reflection of a decline in prevailing interest rates.

The $6.6 million increase in Deferred Outflows of Resources – VHCB is due to $8 million in transfers to VHCB of proceeds from the State Property Transfer Tax Revenue Bonds in the current fiscal year less $1.4 million in applicable Property Transfer Tax transfers from the State.

Capital assets and long-term debt activity

Total liabilities of the Agency increased by $27.4 million, or 5.7% for the fiscal year end June 30, 2020 when compared to the year ended June 30, 2019.

Activity related to bonds and notes payable can be summarized as follows:

- In July 2019, the Agency issued $24.5 million of Multiple Purpose 2019A bonds. The proceeds of the bonds have been used to purchase approximately $25.3 million in mortgage backed securities.

- In December 2019, the Agency issued $13.4 million of Multi-Family Mortgage 2019AB bonds. The proceeds of the bonds have been used to refund HFA Initiative Multifamily Bonds, 2009 Series B and to fund approximately $7 million in multi-family mortgages.

- In March 2020, the Agency issued $24.5 million of Multiple Purpose 2020A bonds. The proceeds of the bonds will be used to purchase approximately $25.3 million in mortgage backed securities.

- Total principal payments on bonds were $46.7 million.

- Bonds redeemed prior to maturity resulting primarily from mortgage loan prepayments were $21.6 million in the Multiple Purpose indenture, $5.0 in the Mortgage Revenue Bond indenture and $200 thousand in the Multi-Family Mortgage Bond indenture.

- Bonds redeemed as result of scheduled maturities totaled $9.8 million in the Multiple Purpose indenture, $1.7 million in the Mortgage Revenue Bond indenture, $900 thousand in the Multi-Family Mortgage Bond indenture, $500 thousand in the HFA Initiative Multifamily Bonds indenture and $1.3 million in the Vermont Property Transfer Tax indenture.

- Bonds redeemed as a result of a refunding totaled $5.7 million in the HFA Initiative Multifamily Bond indenture.

- Notes payable increased $10.5 million due to a $3.9 million net increase in notes payable to TD Bank and a $11.6 million net increase in notes payable to the Federal Financing Bank, offset by a $5.1 million net decrease in lines of credit used to fund construction loans.

- Amounts comprising other liabilities increased a net of $885 thousand due primarily to an increase in unpaid State tax credit awards.

(Continued)

Discussion of Changes in Statement of Revenues, Expenses and Changes in Net Position

The Agency's operating revenues consist primarily of interest income on mortgage and construction loans, investment income, and miscellaneous fee income. Operating expenses consist of bond interest expense and other debt financing costs, operational expenses, and mortgage servicing fees.

The following summarizes the changes for the fiscal year ended June 30, 2020 with comparative data from the prior fiscal year (dollars in thousands):

	2020	2019	Percentage change
Operating revenues:			
Interest on investments	$ 1,311	1,988	(34.1)%
Interest on mortgage loans	12,780	13,131	(2.7)
Interest on mortgage backed securities	8,126	7,110	14.3
Fee income	1,347	994	35.5
Revenue from sales of state tax credits	1,261	594	112.3
State reimbursements	1,091	879	24.1
Grants	500	1,000	(50.0)
TBA program revenue	234	122	91.8
Gain on bond redemptions	864	863	0.1
Other revenue	70	181	(61.3)
Total operating revenues	27,584	26,862	2.7
Operating expenses:			
Financing costs	16,659	16,414	1.5
Mortgage servicing expenses	215	234	(8.1)
Operational expenses	5,105	5,247	(2.7)
Loan loss expenses, net	977	869	12.4
Total operating expenses	22,956	22,764	0.8
Operating income	4,628	4,098	12.9
Nonoperating revenues (expenses):			
Net appreciation in fair value of investments	8,988	9,227	(2.6)
Other nonoperating revenue	243	—	
Federal programs:			
Program revenue	2,563	2,718	(5.7)
Program expenses	(2,512)	(2,669)	(5.9)
Administration and period costs	(51)	(49)	4.1
Total nonoperating revenues	9,231	9,227	0.0
Increase in net position	$ 13,859	13,325	4.0%

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

The Agency reported net operating income of $4.6 million for the fiscal year ended June 30, 2020, compared to net operating income of $4.1 million for the same period last year. After the change in market value of investments, inclusion of other non-operating revenue and the impact of the Federal Grant Programs, the overall net increase for the fiscal year ended June 30, 2020 is $13.9 million compared with a net increase of $13.3 million for the same period last year. Income and expense highlights include:

- Interest income on investments decreased $677 thousand or 34.1% due to lower interest rates. Interest income on MBS increased by $1.0 million or 14.3% primarily due to a larger portfolio of mortgage backed securities.

- The increase in fee income of $353 thousand is due primarily to increases in multi-family loan closing fees and tax credit compliance monitoring fees.

- Revenue from sales of State tax credits increased $667 thousand due primarily to the increase in authorization by the State of down payment assistance tax credits this fiscal year.

- Grants revenue decreased in FY20 due to a one-time $500 thousand grant received from a Vermont based organization in FY19.

- Other revenue decreased $111 thousand due primarily to the absence in FY20 of sponsorships and registration fees associated with the Agency's bi-annual housing conference which was last held in FY19.

- Financing costs increased $245 thousand or 1.5% relative to the same period last year. Costs related to the issuance of bonds increased $416 thousand relative to the same period last year due to the closing of three issues in FY20 and one last year. This increase is offset by a decrease in Agency interest expense due to non-recurring swap termination fees in FY19.

- Operational expenses of $5.1 million were down $142 thousand or 2.7% relative to the same period last year. The decrease is due primarily to a $36 thousand decrease in salary and benefits, a $74 thousand decrease in trustee fees, and the absence in FY20 of expenses related to the Agency's bi-annual housing conference which was last held in FY19.

- Loan and REO write offs, net of reserve adjustments, were $977 thousand for the twelve months ended June 30, 2020, and are mostly related to single family loans. Compared to the prior year, this is an increase of $108 thousand which includes a $566 thousand increase to the Agency's general loan loss reserves and a decrease of $458 thousand for distressed property related expenses.

Budgetary Information

The Agency prepares an annual budget of income, expenses, and fund transfers for the General Fund component of its Operating Fund. The budget is prepared by staff, and reviewed and approved prior to the start of the fiscal year by the Agency's Board of Commissioners.

The Agency relies on fund transfers from bond programs and General Fund unrestricted cash to bridge the gap between annual operating expenses and operating income.

For fiscal year 2020, the Agency budgeted $1.5 million in operating revenues and $5.2 million in operating expenses. Actual operating revenues of $2.2 million exceeded budget due to unanticipated interest income from new General Fund loans and Multi-family fees that were greater than planned. Actual operating expenses were under budget by $116 thousand, most notably in the areas of marketing and outreach as well as travel and training expenses.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's operations, and insight into the financial statements. If you have questions about this report or need additional information, please contact the Chief Financial Officer at VHFA, 164 St. Paul St., Burlington, VT 05401 or visit our website at www.vhfa.org.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Net Position

June 30, 2020

(in thousands)

Assets	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Bond Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Current assets:						
Cash and cash equivalents:						
Unrestricted	$ 122	—	—	—	—	122
Restricted	6,175	7,305	43,007	11,931	340	68,758
Accrued interest receivable:						
Investments	6	19	14	12	—	51
Mortgage loans	1,319	4	564	250	—	2,137
Mortgage backed securities	—	129	549	—	—	678
Investments maturing within one year	2,110	—	—	648	—	2,758
Current portion of mortgage loans receivable	3,009	59	4,863	13,973	—	21,904
Current portion of mortgage backed securities	—	3,042	9,811	—	—	12,853
Other receivables and prepaid expenses	82	5	238	9	1	335
Total current assets	12,823	10,563	59,046	26,823	341	109,596
Noncurrent assets:						
Investments	—	4,556	925	2,692	—	8,173
Mortgage loans receivable, net	51,566	814	97,860	69,679	—	219,919
Mortgage backed securities, net	—	45,471	200,411	—	—	245,882
Capital assets	642	—	—	—	—	642
Real estate owned	80	—	52	—	—	132
Total noncurrent assets	52,288	50,841	299,248	72,371	—	474,748
Total assets	65,111	61,404	358,294	99,194	341	584,344
Deferred Outflows of Resources						
VHCB related deferred outflows	—	—	—	—	32,859	32,859
Accumulated decrease in fair value of hedging derivatives - interest rate swaps	—	—	670	—	—	670
Total deferred outflows of resources	—	—	670	—	32,859	33,529
Total assets and deferred outflows of resources	65,111	61,404	358,964	99,194	33,200	617,873
Liabilities						
Current liabilities:						
Current portion of notes payable	2,886	—	—	5,893	—	8,779
Current portion of bonds payable	—	1,496	11,074	1,329	1,375	15,274
Accrued interest payable	95	502	1,647	852	190	3,286
Other payables	391	—	25	99	—	515
Funds held on behalf of others	3,403	—	—	233	—	3,636
Total current liabilities	6,775	1,998	12,746	8,406	1,565	31,490
Noncurrent liabilities:						
Notes payable, net	45,138	—	—	7,019	—	52,157
Bonds payable, net	—	43,471	278,824	65,985	31,635	419,915
Fair value of hedging derivatives - interest rate swaps	—	—	670	—	—	670
Other liabilities	250	—	—	193	—	443
Total noncurrent liabilities	45,388	43,471	279,494	73,197	31,635	473,185
Total liabilities	52,163	45,469	292,240	81,603	33,200	504,675
Net Position						
Invested in capital assets	642	—	—	—	—	642
Restricted for bond resolutions	—	15,935	66,724	17,591	—	100,250
Restricted for special purpose loans	4,067	—	—	—	—	4,067
Unrestricted	8,239	—	—	—	—	8,239
Total net position	$ 12,948	15,935	66,724	17,591	—	113,198

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2020

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Program Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Operating revenues:						
Interest income:						
Investments	$ 68	393	545	216	89	1,311
Mortgage loans	2,107	53	6,264	4,356	—	12,780
Mortgage backed securities	—	1,662	6,464	—	—	8,126
Fee income	1,293	—	53	1	—	1,347
Revenue from sales of state tax credits	1,261	—	—	—	—	1,261
State reimbursements	—	—	—	—	1,091	1,091
Grants	500	—	—	—	—	500
TBA program revenue	234	—	—	—	—	234
Gain on bond redemptions	—	12	852	—	—	864
Other revenue	70	—	—	—	—	70
Total operating revenues	5,533	2,120	14,178	4,573	1,180	27,584
Operating expenses:						
Financing costs, including interest expense and amortization of bond premiums and discounts	1,142	1,279	10,101	2,983	1,154	16,659
Mortgage servicing fees	7	2	206	—	—	215
Salaries and benefits	3,736	—	—	—	—	3,736
Operating expenses	1,026	—	8	7	24	1,065
Professional fees	148	18	22	33	—	221
Trustee fees	22	7	34	18	2	83
Provision for losses on loans and real estate owned	39	1	937	—	—	977
Total operating expenses	6,120	1,307	11,308	3,041	1,180	22,956
Operating (loss) income	(587)	813	2,870	1,532	—	4,628
Nonoperating revenues (expenses):						
Net appreciation in fair value of investments and MBS	14	1,684	7,248	42	—	8,988
Other revenue	243	—	—	—	—	243
Federal programs:						
Program revenue	2,563	—	—	—	—	2,563
Program expenses	(2,512)	—	—	—	—	(2,512)
Administration and period costs	(51)	—	—	—	—	(51)
Total nonoperating revenues	257	1,684	7,248	42	—	9,231
Loss (income) before transfers	(330)	2,497	10,118	1,574	—	13,859
Net transfers from (to) other funds	1,162	(671)	(154)	(337)	—	—
Increase in net position	832	1,826	9,964	1,237	—	13,859
Net position:						
Net position at beginning of year	12,116	14,109	56,760	16,354	—	99,339
Net position at end of year	$ 12,948	15,935	66,724	17,591	—	113,198

See accompanying notes to financial statements.

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Cash Flows

Year ended June 30, 2020

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Program Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Cash flows from operating activities:						
Mortgage loans interest receipts	$ 2,055	53	6,334	4,319	—	12,761
MBS interest receipts	—	1,683	6,421	—	—	8,104
Mortgage loans principal collections	10,070	88	15,637	27,548	—	53,343
MBS sales and paydowns	—	7,734	17,628	—	—	25,362
Mortgage loan originations	(26,021)	—	—	(28,247)	—	(54,268)
MBS purchases, net	—	—	(33,734)	—	—	(33,734)
Fee income and other receipts	2,094	—	47	—	—	2,141
State tax credit sales and reimbursements	1,261	—	—	—	1,091	2,352
Salaries and benefits payments	(3,680)	—	—	—	—	(3,680)
Operating expense payments	(1,162)	(30)	(53)	(58)	(26)	(1,329)
Service fee and other payments	(7)	(2)	(206)	—	—	(215)
State bond program payments	—	—	—	—	(6,557)	(6,557)
Other revenue	243	—	—	—	—	243
Federal program receipts	2,563	—	—	—	—	2,563
Federal program expenditures	(2,563)	—	—	—	—	(2,563)
Net cash (used in) provided by operating activities	(15,147)	9,526	12,074	3,562	(5,492)	4,523
Cash flows from investing activities:						
Investment sales	—	1	33,792	2,214	—	36,007
Investment purchases	—	(4,555)	(33,792)	(1,456)	—	(39,803)
Investment interest receipts	70	407	608	236	105	1,426
Increase in funds held on behalf of others	329	—	—	233	—	562
Sales of distressed properties	—	—	176	—	—	176
Distressed property expenditures	—	—	(122)	—	—	(122)
Net cash provided by (used in) investing activities	399	(4,147)	662	1,227	105	(1,754)
Cash flows from noncapital financing activities:						
Bond and note interest payments	(1,096)	(1,366)	(9,511)	(2,608)	(1,159)	(15,740)
Bond principal payments	—	(6,570)	(31,405)	(7,410)	(1,340)	(46,725)
Repayment of notes	(1,453)	—	—	(24,537)	—	(25,990)
Bond issue proceeds	—	—	50,399	13,430	—	63,829
Increase in notes payable	17,429	—	—	19,066	—	36,495
Financing costs other than interest	(14)	—	(720)	(204)	—	(938)
Noncapital financing transfers from (to) other funds	1,177	(671)	(169)	(337)	—	—
Net cash provided by (used in) noncapital financing activities	16,043	(8,607)	8,594	(2,600)	(2,499)	10,931
Cash flows from capital related financing activities:						
Capital asset purchases	(57)	—	—	—	—	(57)
Net cash used in capital related financing activities	(57)	—	—	—	—	(57)
Net increase (decrease) in cash and cash equivalents	1,238	(3,228)	21,330	2,189	(7,886)	13,643
Cash and cash equivalents at beginning of year	5,059	10,533	21,677	9,742	8,226	55,237
Cash and cash equivalents at end of year	$ 6,297	7,305	43,007	11,931	340	68,880

VERMONT HOUSING FINANCE AGENCY
(A Component Unit of the State of Vermont)

Statement of Cash Flows - Continued

Year ended June 30, 2020

(in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Program Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Reconciliation of cash flows from operating activities:						
Net operating (loss) income	$ (587)	813	2,870	1,532	—	4,628
Adjustments to reconcile operating loss (income) to net cash used in (provided by) operating activities:						
Depreciation	82	—	—	—	—	82
Financing costs other than interest	14	—	481	208	—	703
Investment interest income	(68)	(393)	(545)	(216)	(89)	(1,311)
Sales of distressed properties	—	—	(176)	—	—	(176)
Distressed property expenditures	—	—	65	—	—	65
Bond and note interest expense	1,128	1,278	9,617	2,780	1,154	15,957
Gain on bond redemptions	—	(12)	(852)	—	—	(864)
Appreciation in fair value of mortgage backed securities	—	1,684	7,178	—	—	8,862
Other nonoperating revenue	243	—	—	—	—	243
Changes in assets and liabilities:				—	—	—
(Increase) decrease in accrued interest receivable	(52)	22	26	36	—	32
(Increase) decrease in mortgage loans receivable	(15,913)	89	16,685	(465)	—	396
(Increase) decrease in mortgage backed securities	—	6,050	(23,283)	—	—	(17,233)
(Decrease) increase in other receivables and prepaid	(22)	—	13	—	—	(9)
Increase in VHCB related deferred outflows	—	—	—	—	(6,557)	(6,557)
Decrease in other liabilities	(2)	—	(7)	(77)	—	(86)
Increase (decrease) in other payables	30	(5)	2	(236)	—	(209)
Net cash (used in) provided by operating activities	$ (15,147)	9,526	12,074	3,562	(5,492)	4,523

Supplemental noncash operating/investing activities:
Mortgage loans receivable converted to real estate owned amounted to $816 in 2020

See accompanying notes to financial statements.

(1) Authorizing Legislation and Nature of Funds

(a) Authorizing Legislation

Vermont Housing Finance Agency (the Agency) was created as a body politic and corporate of the State of Vermont by an Act of the General Assembly approved on April 11, 1974 (the Act). The purpose of the Agency is to promote the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The Agency is a component unit of the State of Vermont and the State of Vermont appoints a majority of the Agency's board of commissioners.

The Agency is empowered by the Act and subsequent amendments to issue bonds and notes. Instruments so issued do not constitute a debt or obligation of the State of Vermont and are payable solely from revenues or assets of the Agency.

The State of Vermont has pledged and agreed with the holders of bonds and notes of the Agency not to impair in any way the rights and remedies of such holders.

(b) Basis of Presentation and Nature of Funds

The financial statements are presented on a program basis, combining the various restricted accounts required by each bond resolution into groups that account for the various bonds issued, related costs of issuance and debt service activity and the investment and related earnings of the bond proceeds in mortgages or loans and temporary investments and the maintenance of certain reserve fund requirements – all under the specific requirements of each resolution.

These accounts are in turn grouped by major fund as described below for the Operating Fund, the Single Family Mortgage Program Fund, the Multiple Purpose Program Fund, the Multi-Family Mortgage Program Fund, and the State Bond Fund.

(i) Operating Fund

This fund derives its revenue principally from fees, mortgage interest and investment income. Operating expenses of the Agency are paid from this fund.

Transfers from program funds to the Operating Fund represent amounts allowed to be transferred pursuant to the terms of the Agency's bond resolutions.

(ii) Single Family Mortgage Program Fund

This fund has been established under the Single Family Insured Mortgage Bond Resolution adopted in September 1976, the Single Family Mortgage Purchase Bond Resolution adopted in June 1978, the Home Mortgage Purchase Bond Resolution adopted in July 1983, the Single Family Housing Bond Resolution adopted in September 1990, and the Mortgage Revenue Bond (Mortgage Backed Securities Program) indenture adopted in December 2009 under the federal New Issue Bond Program (NIBP). Monies from these programs have been used by the Agency to purchase mortgage backed securities or mortgage loans on single family residential housing units for persons and families of low and moderate income in Vermont.

(iii) Multiple Purpose Program Fund

This fund has been established under the Multiple Purpose Bond Indenture adopted in July 2007. Monies from these programs have been used by the Agency to finance mortgage loans on single family residential housing units and multi-family residential housing units for persons and families of low and moderate income in Vermont.

(iv) Multi-Family Mortgage Program Fund

This fund has been established under the Multi-Family Mortgage Bond Resolution adopted in February 1977, the Multi-Family Housing Bond Resolution adopted in September 1981, the Multi-Family HFA initiative adopted in December 2009 under the federal NIBP, and various individualized taxable and tax exempt bond resolutions adopted between December 1985 and June 2007. Monies from these programs are used by the Agency to make and finance mortgage loans to sponsors of multi-family residential housing units for persons and families of low and moderate income in Vermont.

(v) State Bond Fund

This fund has been established under the Property Transfer Tax Revenue Bond Resolution adopted in December 2017. Bonds issued under this program are special, limited obligations of the Agency paid and secured solely from pledged State of Vermont Property Transfer Tax Revenues. Bond proceeds are used to provide funds to the Vermont Housing and Conservation Board (VHCB) to create affordable housing in Vermont.

(vi) Reserve Requirements

Under various bond resolutions of the Agency, certain amounts from bond proceeds are required to be set aside and maintained for potential debt service requirements in trusteed accounts. As of June 30, 2020, reserve requirements totaled $563,000 for the Operating Fund, $3,507,000 for the Multiple Purpose Program Fund, and $4,175,000 for the Multi-Family Program Fund. Amounts held in reserve accounts as of June 30, 2020 exceeded the required balances in all cases.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Agency's financial statements have been prepared on the accrual basis of accounting using the economic resource measurement focus. Accordingly, the Agency recognizes revenue in the period earned and expenses in the period incurred.

(b) Net Position

Net Position has been classified for external financial reporting purposes into the following three categories:

- *Invested in Capital Assets* – Capital assets, net of accumulated depreciation, and cost of construction or improvement of those assets.
- *Restricted* – Net Position subject to externally imposed stipulations.
- *Unrestricted* – Net Position that is not subject to externally imposed stipulations. Unrestricted Net Position may be designated for specific purposes by action of management or the Board of Commissioners or may otherwise be limited by contractual agreements with outside parties.

(c) Cash Equivalents

The Agency considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of the Statement of Cash Flows. Cash equivalents also includes mortgage payments which are held in trust by loan servicers in depository accounts or amounts in transit to trustees to be invested in collateralized repurchase agreements.

(d) Mortgage Loans Receivable

Mortgage loans receivable are carried at their uncollected principal balances less allowances for loan losses on mortgages and reserves for federally funded loans that are pass-through in nature.

The allowance for the multi-family loan portfolio is based on a review of each loan and considers the operating cash flows of the respective projects and fair values of the properties. At June 30, 2020, the allowances for loan losses totaled $6,589,000, broken out as follows: $2,706,000 for the Operating Fund, $1,000 for the Single Family Fund, $2,022,000 for the Multiple Purpose Fund and $1,860,000 for the Multi-Family Fund and are recorded net with the mortgage loans receivables on the Statement of Net Position.

The reserve for federally funded mortgage loans made under Section 1602 and the Tax Credit Assistance Program (TCAP) is $19,579,000 and is recorded net with the mortgage loans receivables and loan loss allowance in the Operating Fund on the Statement of Net Position.

(e) Investments

Investments are comprised of short-term investments that did not meet the cash equivalent criteria and mature in one year or less, and long-term investments with maturities in excess of one year. Investments, excluding guaranteed investment contracts (GICs), are reported at fair value in the Statement of Net Position. The net appreciation (depreciation) in the fair value of investments, including both realized and unrealized gains and losses, is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. The Agency's GICs are considered non-participatory in nature and therefore are recorded at cost rather than fair value.

(f) Mortgage Backed Securities

Mortgage backed securities consist of Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Government National Mortgage Association (GNMA) certificates. Mortgage backed securities are reported at fair value on the Statement of Net Position, and the net appreciation (depreciation) in the fair value is recognized in the Statement of Revenues, Expenses and Changes in Net Position.

(g) Interest Income

Interest income on mortgage loans, investments and mortgage backed securities is recorded as income when earned.

(h) Depreciation

The Agency records purchases of its capital assets at cost and depreciates that cost over the estimated useful lives of the assets, which are forty years for the building, five to ten years for building improvements, and three to five years for furniture and fixtures and computer equipment, using the straight-line method.

(i) Real Estate Owned

Real estate owned (REO) consists of properties acquired through foreclosure or repossession and are carried at the lower of cost or net realizable value (estimated market value less costs to sell).

(j) Deferred outflows

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods.

The Agency issued State Property Transfer Tax Revenue (PTT) Bonds in fiscal year 2018 to provide funds to the Vermont Housing and Conservation Board (VHCB), a component unit of the State of Vermont financial reporting entity, to create affordable housing in Vermont. The State of Vermont has pledged to transfer to the Agency $2,500,000 of State PTT receipts annually through 2038 to cover the PTT Bond debt service payments. Cash transfers to VHCB are recorded as deferred outflows of resources. As the annual State PTT reimbursements are received, the applicable PTT Bond interest

portion is paid and the remaining reimbursement reduces the VHCB deferred outflows balance and is reported on the Statement of Revenues, Expenses and Changes in Net Position as State reimbursements.

(k) Hedging Derivatives – Interest Rate Swaps

The Agency enters into interest rate swap agreements with counterparties with the intention to achieve a lower overall cost of funds for certain bond issuances. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the interest rate swap instruments are reported at fair value on the Statement of Net Position.

All of the Agency's interest rate swaps are deemed to be effective cash flow hedges and therefore the fair value adjustment is reported as a deferred outflow on the Statement of Net Position.

(l) Amortization

Bond premiums and discounts are deferred and amortized over the lives of the respective issues using the straight-line method. Scheduled amortization of net bond premiums are $236,000; $235,000; $233,000; $233,000 and $232,000 for the five years ending June 30, 2021 through 2025, respectively.

The difference between the reacquisition price and net carrying amount of defeased bonds is deducted from, or added to the refunding debt liability and amortized on the straight-line method over the shorter of the maturity of the new debt or the defeased debt.

(m) Income Tax Status

The Agency is generally not subject to federal and Vermont income taxes under Section 115 of the Internal Revenue Code (IRC) and applicable state laws. The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the IRC.

(n) Arbitrage to be Rebated

Bonds issued by the Agency are subject to a variety of Internal Revenue Service (IRS) regulations which limit the amount of income which may be earned with non-mortgage investments to an amount not greater than that amount which would have been earned had the funds been invested at the yield on the bonds as defined by the IRS. Excess earnings, if any, must be rebated every five years.

(o) Operating and Nonoperating Revenues and Expenses

The Agency records all revenues and expenses related to its loan programs as operating revenues and expenses since they are generated from the Agency's daily operations needed to carry out its statutory purposes. Investment income is recorded as operating revenue in all funds. Gains and losses on bond redemption are recorded in operating results, as they are a part of the normal operations of the Agency's activities.

Net appreciation and depreciation in the fair value of investments and federal grant revenues and expenses are recorded as nonoperating revenues and expenses. Grants received from federal, state and local governments are recognized as nonoperating revenue as the related expenditures are incurred.

(p) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires estimates and assumptions that affect the reported amount of the assets and liabilities and contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to estimates and assumptions include the provision for loan losses and the valuation of investments.

(3) Cash, Cash Equivalents, Investments and MBS

For mortgage program investments, bond resolution requirements mandate specific classes of investment vehicles. Qualified investments are: direct obligations of the United States of America; obligations unconditionally guaranteed by the United States of America; indebtedness issued by certain federal agencies; bank time deposits evidenced by certificates of deposit insured by the Federal Deposit Insurance Corporation (FDIC) and, if in excess of insured limits, collateralized in full by the aforementioned federal government investments; obligations of the State of Vermont, and/or federal or state insured mortgages; collateralized repurchase agreements secured by obligations of the federal government; Guaranteed Investment Contracts with the collateral held by or at the direction of the appropriate trustee; and investment agreements with banks or bank holding companies rated in the top categories by nationally recognized rating agencies.

The Agency has an investment policy with an overriding goal of providing optimum coverage of risk exposure and maintaining liquidity necessary for future cash needs while maximizing the return on investments. All investment agreements with banks or bank holding companies, insurance companies or other financial institutions must be rated at least "A" by nationally recognized credit rating agencies or have posted adequate collateral to minimize the Agency's risk. All bonds are issued by U.S. Treasury or U.S. government agencies such as FNMA, FHLMC and FHLB, and had implied credit ratings of AAA at the time of purchase and continued to hold those ratings at June 30, 2020. In August of 2011, Standard & Poors (S&P) downgraded the long-term debt rating of the U.S. Government from AAA to AA+. S&P subsequently lowered its credit rating on both Fannie Mae (FNMA) and Freddie Mac (FHLMC) one level from AAA to AA+, noting that the two companies were directly reliant on the U.S. government and have been under U.S. government conservatorship since 2008. The debt of the U.S. Government, FNMA and FHLMC continue to be rated AAA by Moody's Investment Services.

(a) Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Agency's deposits may not be recovered. Bank deposits in excess of the insured amounts are uninsured and uncollateralized. Deposits in bank accounts at June 30, 2020 totaled $6,594,000. Of this amount, $5,506,000 was exposed to custodial credit risk as uninsured and uncollateralized.

(b) Cash, Cash Equivalents, Investments and MBS

The Agency's cash, cash equivalents, investments and MBS at June 30, 2020 are presented below (in thousands).

		Investment maturities (in years)			
	Total	**Less than 1**	**1 – 5**	**6 – 10**	**More than 10**
Cash	$ 6,601	6,601	—	—	—
Money market accounts	62,279	62,279	—	—	—
Certificates of deposit	3,440	748	2,692	—	—
Guaranteed investment contracts	4,556	—	4,556	—	—
U.S. Treasury securities	2,010	2,010	—	—	—
Government agency securities	925	—	—	—	925
Mortgage backed securities	258,735	12,852	25,871	38,107	181,905
Total	$ 338,546	84,490	33,119	38,107	182,830

The following table provides information on the credit ratings associated with the Agency's cash, cash equivalents, investments and MBS at June 30, 2020 (in thousands):

	Total	**AAA**	**AA**	**A**	**NR**
Cash	$ 6,601	—	—	—	6,601
Money market accounts	62,279	—	—	—	62,279
Certificates of deposit	3,440	—	—	—	3,440
Guaranteed investment contracts	4,556	—	4,556	—	—
U.S. Treasury securities	2,010	2,010	—	—	—
Government agency securities	925	925	—	—	—
Mortgage backed securities	258,735	258,735	—	—	—
Total	$ 338,546	261,670	4,556	—	72,320

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Agency's investment in a single issuer. Approximately 1.35% of the Agency's cash and investments are in guaranteed investment contracts. Of the Agency's total guaranteed investment contracts (GICs), 100% is invested at PNC. The Agency's investment policy does not limit the amount invested in a single issue.

(d) Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency's policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

(e) Fair Value of Investments, MBS, and Interest Rate Swaps

VHFA has adopted GASB No. 72, *Fair Value Measurement and Application*. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 – quoted market prices in active markets
- Level 2 – inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 – unobservable inputs

U.S. Treasury securities and government agency securities classified in Level 1 are valued using prices quoted in active markets for those securities. Certificates of deposit and mortgage backed securities classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Interest rate swaps are valued were valued based on quoted market prices or model-driven valuations using significant inputs derived from or corroborated by observable market data and determined to be Level 2.

The investments, MBS and interest rate swaps that the Agency measured at fair value at June 30, 2020 are as follows (in thousands):

	Total	Level 1	Level 2	Level 3
Certificates of deposit	$ 3,440	—	3,440	—
U.S. Treasury securities	2,010	2,010	—	—
Government agency securities	925	925	—	—
Mortgage backed securities	258,735	—	258,735	—
Total	$ 265,110	2,935	262,175	—
Interest rate swaps	$ 670	—	670	—

(4) Mortgage Loans Receivable

(a) Single Family Mortgage Loans Receivable

Single Family mortgage loans earn interest at annual rates ranging from 0% to 9.05%. Mortgage payments are received monthly by the Agency from which service fees are generally retained by servicing lenders or sub-servicers.

At June 30, 2020, approximately 9.86% of the Single Family mortgage portfolios consist of primary insured mortgages.

Mortgage loans, not requiring primary insurance, are limited to 80% of the appraised value of the property.

(b) Multi-Family Mortgage Loans Receivable

Multi-family mortgage loans receivable earn interest at annual rates ranging from 0% to 8.50%, and are collateralized by first mortgage liens on all real and personal property of the mortgaged premises.

(5) Capital Assets

Capital Asset activity for the year ended June 30, 2020 is shown in the following table (in thousands):

	Beginning balance	Additions	Deletions	Ending balance
Capital assets not being depreciated:				
Land	$ 50	—	—	50
Capital assets being depreciated:				
Building	1,001	—	—	1,001
Building improvements	952	41	(6)	987
Computer equipment	648	16	—	664
Furniture and fixtures	213	—	—	213
Total capital assets being depreciated	2,814	57	(6)	2,865
Less accumulated depreciation for:				
Building	(613)	(25)	—	(638)
Building improvements	(761)	(31)	6	(786)
Computer equipment	(610)	(26)	—	(636)
Furniture and fixtures	(213)	—	—	(213)
Total accumulated depreciation	(2,197)	(82)	6	(2,273)
Total capital assets being depreciated, net	617	(25)	—	592
Capital assets, net	$ 667	(25)	—	642

Depreciation expense of $82,000 was charged to the Operating Fund.

(6) Deferred Outflows of Resources – VHCB related deferred outflows

Proceeds of the State Property Transfer Tax Revenue (PTT) Bonds are used to provide funds to the Vermont Housing and Conservation Board (VHCB), a component unit of the State of Vermont financial reporting entity, to create affordable housing in Vermont. Amounts transferred to VHCB are recorded as deferred outflows of resources. The State of Vermont has pledged to transfer to the Agency annual State PTT receipts to cover the PTT Bond debt service payments. The VHCB related deferred outflows beginning balance of $26,303,000 plus $7,965,000 in fiscal year 2020 cash transfers to VHCB less applicable State PTT receipts of $1,409,000 equals the ending VHCB related deferred outflows balance at June 30, 2020 of $32,859,000.

(Continued)

(7) Funds Held on Behalf of Others

Funds held on behalf of others are received primarily from multi-family housing developers and are governed by agreements, and released upon satisfactory compliance with their terms. At June 30, 2020, $3,636,000 was held on behalf of others.

(8) Bonds Payable

Outstanding bonds payable at June 30, 2020 are as follows (dollars in thousands):

A. Single Family Mortgage Program Fund:	
Mortgage Revenue Bonds (Mortgage Backed Securities Program):	
Series 2009A, Subseries A-1 and Series 2010 A, maturing 2020 to 2041, interest at 3.01% to 3.7%	$ 8,035
Series 2009A, Subseries A-2 and Series 2011 A, maturing 2020 to 2041, interest at 2.32% to 4.5%	11,675
Series 2009A, Subseries A-3, maturing 2020 to 2041, interest at 2.49%	25,240
Total Single Family Mortgage Program Fund	44,950
B. Multiple Purpose Bond Program Fund:	
Multiple Purpose Bonds:	
2012 Series A, B and C, maturing 2020 to 2042, interest at 3.25% to 4.125%	12,775
2013 Series A, B and C, maturing 2020 to 2043, interest at 3.65% to 4.875%	10,460
2014 Series A and B, maturing 2020 to 2044, interest at 2.5% to 4.25%	23,700
2015 Series A, B, C, D and E, maturing 2020 to 2045, interest at 2.35% to 4.78%	20,860
2015 Series F and G, maturing 2020 to 2045, interest at 1.95% to 4.0%	13,440
2016 Series A and B, maturing 2020 to 2046, interest at 1.6% to 4.0%	17,425
2016 Series C and D, maturing 2020 to 2046, interest at 1.25% to 4.0%	20,450
2017 Series A and B, maturing 2020 to 2047, interest at 1.65% to 4.05%	21,075
2017 Series C and D, maturing 2020 to 2048, interest at 1.45% to 4.0%	25,125
2018 Series A, maturing 2020 to 2048, interest at 2.1% to 4.0%	31,245
2018 Series B, C, D, E, F and G, maturing 2020 to 2048, interest at 0.0% to 5.05%	39,180
2019 Series A, maturing 2020 to 2049, interest at 1.4% to 4.0%	24,500
2020 Series A, maturing 2021 to 2050, interest at 0.95% to 3.75%	24,500
Total Multiple Purpose Bond Program Fund	284,735

(Continued)

C. Multi-Family Mortgage Program Fund:	
Mortgage Program:	
2012 Series A, B and C, maturing 2020 to 2052, interest at 2.68% to 4.629%	21,290
2014 Series A, B and C, maturing 2024 to 2045, interest at 4.55% to 6.0%	12,680
2019 Series A and B, maturing 2020 to 2049, interest at 2.0% to 3.9%	13,430
Total Mortgage Program	47,400
HFA Initiative Multifamily Bonds:	
2009 Series C and 2011 Series A, maturing 2020 to 2051, interest at 2.32% to 3.2%	17,315
2012 Series A, maturing 2020 to 2042, interest at 5.25%	2,674
Total HFA Initiative Bonds	19,989
Total Multi-Family Mortgage Program Fund	67,389
D. State Bond Fund:	
Vermont Property Transfer Tax Revenue Bonds	
Series 2018, maturing 2020 to 2037, interest at 2.4% to 3.8%	33,010
Total State Bond Fund	33,010
Total bonds payable	430,084
Plus unamortized bond premium (discount), net	5,105
	$ 435,189

(All calendar year 2020 maturities on bonds payable occur after June 30, 2020).

A summary of bonds payable, discount on bonds, and premium on bonds activity for the year ended June 30, 2020 is as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance	Due within one year	Due thereafter
Bonds payable	$ 414,379	62,430	(46,725)	430,084	15,038	415,046
Discount on bonds	(131)	—	18	(113)	(9)	(104)
Premium on bonds	4,942	1,399	(1,123)	5,218	245	4,973
Bonds payable, net	$ 419,190	63,829	(47,830)	435,189	15,274	419,915

All bonds in the Single Family Mortgage, Multiple Purpose, and Multi-Family Program Funds are general obligations of the Agency and are collateralized by the operating revenues, loans, funds, and investments pledged pursuant to the respective bond resolutions. The bond documents contain provisions that in the event of default, outstanding principal and accrued interest are immediately due and payable.

Bonds in the State Bond Fund are special, limited obligations of the Agency and are secured solely from pledged State of Vermont Property Transfer Tax Revenues. In the event of default the Bond Trustee may proceed to protect and enforce its rights and the rights of the Bond owners under the Vermont Housing Finance Agency Act, the Vermont Transfer Tax Statute, and the Bonds and Bond Indenture by such suits, actions, or proceedings deemed expedient.

In most cases, interest is payable semi-annually. All bonds are subject to redemption after various dates at par value.

Debt service requirements at June 30, 2020 are as follows (in thousands):

Year ending	Single Family		Multiple Purpose		Multi-Family		Property Transfer Tax		Total	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 1,490	1,190	10,840	9,512	1,333	2,433	1,375	1,125	15,038	14,260
2022	1,495	1,147	11,620	9,209	1,627	2,314	1,410	1,086	16,152	13,756
2023	1,525	1,104	11,885	8,957	1,860	2,261	1,450	1,049	16,720	13,371
2024	1,550	1,058	11,990	8,684	1,745	2,209	1,495	1,007	16,780	12,958
2025	1,535	1,012	12,270	8,383	2,059	2,149	1,535	961	17,399	12,505
2026-2030	9,465	4,315	61,900	36,197	13,131	9,455	8,490	4,012	92,986	53,979
2031-2035	11,420	2,916	59,010	25,724	14,648	6,855	10,165	2,338	95,243	37,833
2036-2040	12,590	1,395	42,775	15,990	14,218	4,153	7,090	410	76,673	21,948
2041-2045	3,880	97	35,585	9,191	11,778	1,617	—	—	51,243	10,905
2046-2050	—	—	26,230	2,491	4,335	395	—	—	30,565	2,886
2051-2055	—	—	630	12	655	15	—	—	1,285	27
Total	$ 44,950	14,234	284,735	134,350	67,389	33,856	33,010	11,988	430,084	194,428

The Agency enters into interest rate swap agreements with counterparties in connection with the Variable Rate Demand Bonds (VRDB). Under the current swap agreement, the swap provider pays the Agency an amount based on the Securities Industry and Financial Markets Association (SIFMA), and the Agency pays the swap provider an amount at a fixed rate of interest.

Using rates as of June 30, 2020, debt service requirements of the variable rate bonds and net swap payments, assuming current interest rates remain constant, are as follows (in thousands):

	Variable rate		Interest rate	
Year ending June 30:	Principal	Interest	swaps, net	Total
2021	$ 550	14	182	746
2022	450	13	164	627
2023	400	12	149	561
2024	300	11	136	447
2025	250	10	126	386
2026-2030	750	45	518	1,313
2031-2035	—	42	470	512
2036-2040	1,045	40	443	1,528
2041-2045	3,955	21	240	4,216
Total	$ 7,700	208	2,428	10,336

A summary of the swap agreement is as follows (in thousands):

Issue	Counter-Party	Ratings (Moody's/S &P)	Effective date	Notional amount	Termination date	Fixed swap payment rate	Variable receivable rate	Fair Value at 6/30/2020
MPB 2013A	BNY Mellon	Aa1/AA-	11/30/2004	$ 2,700	5/1/2029	3.68%	SIFMA + 0.10%	$ 318
MPB 2019A	BNY Mellon	Aa1/AA-	7/16/2019	5,000	5/1/2044	2.08%	SIFMA + 0.05%	352
Total				$ 7,700				$ 670

By using derivative financial instruments to hedge exposures to changes in interest rates, the Agency exposes itself to credit, market, and basis risk. Credit risk is the failure of the counter-party to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counter-party owes the Agency, which creates credit risk for the Agency. When the fair value of a derivative contract is

negative, the Agency owes the counter-party and, therefore, it does not possess credit risk. The Agency minimizes its credit risk in derivative instruments by entering into transactions with high-quality counter-parties whose credit ratings are higher than A. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rates is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. Basis risk is the risk that variable rate payments to bondholders will not equal variable rate receipts from the counterparty.

(9) Notes Payable

The Agency may borrow from the Federal Home Loan Bank (FHLB) in an amount not to exceed assets pledged to the FHLB. As of June 30, 2020, the Agency had outstanding borrowings totaling $3,654,000 which are secured by mortgage loans with a carrying value of $2,535,000 and U.S. Securities with a market value of $2,010,000. In the event of default FHLB may take immediate possession of any collateral. These borrowings do not accrue interest and mature from November 2023 through November 2027.

The Agency has an $850,000 note payable to the Vermont Community Foundation at a rate of 1.5%, that was originally due on March 31, 2020 and was subsequently extended to June 30, 2023.

The Agency has a $2,175,000 note payable to the State of Vermont at a rate of 2.76%, maturing February 2024. The proceeds of this note are to provide financing for energy efficiency projects described in Act No. 97 of the Acts of 2013.

The Agency has $38,118,000 in amortizing notes payable to the Federal Financing Bank (FFB). These borrowings have interest rates ranging from 2.21% to 3.65%, and mature from March 2047 to January 2060. The proceeds of these notes were used to finance FHA Risk-Sharing Insured Mortgage Loans. The notes are secured by mortgage loans equal in value to the outstanding notes payable balance.

The Agency is operating under unsecured lines of credit with lending institutions that total $69,825,000 expiring in 2021. At June 30, 2020, there were $12,237,000 of borrowings under the lines at interest rates of 1.05% to 1.28%. The lines of credit were entered into in order to fund working capital and to be used for specific construction projects financed by the Agency.

The Agency has a $3,902,000 note payable to TD Bank at a rate of 3.51%, maturing in May, 2029.

For the Agency's outstanding notes, in the event of default, outstanding principal and accrued interest are immediately due and payable. The FFB notes contain a provision stating that FFB shall have all remedies available at equity and under law.

Future notes payable maturities as of June 30, 2020 are as follows (in thousands):

	Operating		Multi-Family		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Year ending June 30:						
2021	$ 2,886	1,176	5,893	168	8,779	1,344
2022	559	1,157	5,939	82	6,498	1,239
2023	583	1,141	570	26	1,153	1,167
2024	2,708	1,124	510	10	3,218	1,134
2025	637	1,105	—	—	637	1,106
2026 - 2030	8,140	5,118	—	—	8,140	5,118
2031 - 2035	3,862	4,183	—	—	3,862	4,183
2036 - 2040	4,802	3,583	—	—	4,802	3,583
2041 - 2045	5,974	2,835	—	—	5,974	2,835
2046 - 2050	6,535	1,941	—	—	6,535	1,941
2051 - 2055	7,199	1,045	—	—	7,199	1,045
2056 - 2060	4,139	190	—	—	4,139	190
Total	$ 48,024	24,598	12,912	286	60,936	24,885

A summary of notes payable activity for the year ended June 30, 2020 is as follows (in thousands):

	Beginning balance	Increases	Decreases	Ending balance	Current	Non-current
Line of credit borrowings	$ 15,838	20,566	(24,167)	12,237	6,853	5,384
Notes payable	34,593	15,929	(1,823)	48,699	1,926	46,773
Total	$ 50,431	36,495	(25,990)	60,936	8,779	52,157

(10) Asset Restrictions

Pursuant to the Act and agreements with bondholders and other parties, the Agency's assets are pledged to secure specific obligations or are otherwise restricted.

Programs which are financed by the issuance of bonds are accounted for separately in accordance with each of the general bond resolutions. Program assets and revenues are pledged to bondholders. Revenues in excess of required amounts are available to be transferred to the Operating Fund.

Amounts transferred to the Operating Fund from the bond resolutions are free and clear of any lien or pledge created by the bond resolutions, and may be used for any lawful purpose under the Act, including payments to various accounts within the bond resolutions. All of the outstanding bonds, except for the State Property Transfer Tax Revenue Bonds, are general obligations of the Agency. For general obligation bonds, the Agency covenants that it will restore deficiencies to the bond programs, as defined by the bond resolutions, from the Operating Fund.

The Operating Fund is also the primary source to pay administrative expenses in connection with current and future housing programs, and to provide collateral for credit agreements.

(Continued)

Net Position derived from purpose restricted resources provided under contractual agreements with federal agencies are restricted to the underlying purpose.

(11) Retirement Plan

Upon meeting certain eligibility requirements, the Agency's employees are eligible to participate in the Vermont Housing Finance Agency 403(b) Plan, a defined contribution retirement plan. The Agency's contribution to the Plan is 10% of the covered payroll. Employees are 30% vested in benefits under the plan upon participation, and vest in the remaining 70% on a pro-rata basis over five years of service. Forfeitures on non-vested benefits by terminated employees reduce the Agency's contribution. The cost of the plan was $263,000 for the year ended June 30, 2020, and is included in salaries and benefits expense.

(12) Gain on Bond Redemptions

During the year ended June 30, 2020, the Agency redeemed $440,000 of its Single Family Bonds, $15,705,000 of its Multiple Purpose Bonds, and $240,000 of its Multi-Family Bonds prior to scheduled maturity dates. Net gain on bond redemptions was $864,000 and represents unamortized bond premium at the time the bonds were retired.

(13) Federal Program

During fiscal year 2020, the Agency administered the "Section 8 Housing Assistance Payment Program" (HAP) under Annual Contribution Contracts (ACC) with the Department of Housing and Urban Development (HUD) for 12 housing developments. Under the ACC, VHFA receives funds from HUD with which to make housing assistance payments to an owner of assisted housing pursuant to Housing Assistance Payment Contracts entered into by HUD with the owners. Under the Section 8 program, the owner must determine the portion of the gross rent to be paid by tenants in accordance with HUD schedules and criteria, typically 30% of the tenant's adjusted income (as defined by HUD). The balance of the monthly contract rent is paid by VHFA in the form of monthly housing assistance payments. The Agency distributed $2,512,000 in HAP payments under this program during the year ended June 30, 2020.

(14) Commitments and Contingencies

At June 30, 2020, the Agency had outstanding commitments in the amount of $8,466,000 to purchase mortgage loans or mortgage backed securities pursuant to its normal funding from bond proceeds. The Agency also had $8,252,000 of outstanding commitments to purchase securities under the TBA model. In addition, there were commitments of $38,756,000 for multi-family loans and $266,000 for down payment assistance loans.

In early 2020, there has been a global outbreak of a novel coronavirus ("COVID-19"), which has forced the United States to declare a national emergency, to institute "stay-at-home" orders and to restrict operations of non-essential businesses. Such actions are adversely impacting many industries. COVID-19 could have a continued and prolonged adverse impact on economic and market conditions and could trigger a period of economic slowdown. The impact of COVID-19 on businesses is evolving, and the extent and duration of the economic fallout from this pandemic remains unclear, making any estimate of assumption as of June 30, 2020 inherently less certain than they would be absent to current and potential impacts of COVID-19.

The magnitude and duration of COVID-19 and its impact on the Agency's activities, its borrowers, and investments is uncertain and will mostly depend on future events, which cannot be predicted. As this pandemic continues and if economic conditions worsen, it may have long-term impacts on the Agency's financial position, results of operations and cash flows. The Agency is not able to reliably estimate the length or severity of this outbreak and the related financial impact.

(15) Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employees' health; and natural disasters. The Agency manages these risks through a combination of participating in the State self-insurance program and purchasing commercial insurance packages in the name of the Agency. The Agency has not experienced settled claims resulting from these risks which have exceeded its insurance coverage. In addition, the Agency's bylaws provide for the indemnification of Agency commissioners and officers by the Agency. This indemnification requirement is supported by various statutes related to claims against employees and entities of the State and the Agency's authorizing legislation which includes the benefit of sovereign immunity.

(16) Conduit Debt Obligation

On July 29, 2004, the Agency issued tax-exempt bonds and taxable bonds on a conduit basis. The proceeds of the bonds were used for the purpose of providing funds to finance the construction, furnishing and equipping of a student housing facility. As of June 30, 2020, $21,070,000 of the bonds were outstanding.

On December 27, 2018, the Agency issued tax-exempt bonds on a conduit basis. The proceeds of the bonds were used for the purpose of (a) financing capital expenditures of a multi-family residential housing facility, (b) refunding the principal amount of Series 2010 bonds (c) repaying a 2010 Taxable Loan and (d) financing certain costs of issuance. The bonds were sold on a private placement basis. As of June 30, 2020, $12,429,000 million of the bonds were outstanding.

The Agency is not obligated in any manner for repayment of these conduit bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(17) Subsequent Events

The events that occur after the date of the Statement of Net Position but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the Statement of Net Position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the Statement of Net Position require disclosure in the accompanying notes. Management evaluated the activity of VHFA through September 24, 2020 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

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APPENDIX I-B

UNAUDITED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2020

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VERMONT HOUSING FINANCE AGENCY

Statement of Net Position (Unaudited)

December 31, 2020

(dollars in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Bond Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Assets						
Cash and cash equivalents	$ 6,991	2,858	37,938	9,958	871	58,616
Accrued interest receivable:						
Investments	—	18	15	11	—	44
Mortgage loans	1,348	4	589	245	—	2,186
Mortgage backed securities	—	1	565	—	—	566
Other receivables and prepaid expenses	163	2	252	—	—	417
Investments	2,298	7,689	12,677	3,062	—	25,726
Mortgage loans receivable, net	59,429	818	95,132	81,829	—	237,208
Mortgage backed securities	—	170	189,679	—	—	189,849
Capital assets	603	—	—	—	—	603
Real estate owned	—	—	—	—	—	—
Due from (to) other funds	(795)	—	145	650	—	—
Total assets	70,037	11,560	336,992	95,755	871	515,215
Deferred Outflows of Resources						
VHCB related outflows	—	—	—	—	30,949	30,949
Accumulated decrease in fair value of hedging derivatives:						
Interest rate swaps	—	—	670	—	—	670
Total deferred outflows of resources	—	—	670	—	30,949	31,619
Total assets and deferred outflows of resources	70,037	11,560	337,662	95,755	31,820	546,834
Liabilities						
Accrued interest payable	95	47	1,434	751	185	2,512
Other current liabilities	326	—	17	13	—	356
Funds held on behalf of others	4,416	—	—	—	—	4,416
Notes payable	48,507	—	—	11,748	—	60,255
Bonds payable	—	2,845	257,065	66,303	31,635	357,848
Fair value of derivative instrument - interest rate swaps	—	—	670	—	—	670
Unamortized bond premium (discount), net	—	11	4,647	(74)	—	4,584
Other liabilities	328	—	—	154	—	482
Total liabilities	53,672	2,903	263,833	78,895	31,820	431,123
Net Position						
Invested in capital assets	603	—	—	—	—	603
Restricted for bond resolutions	—	8,657	73,829	16,860	—	99,346
Restricted for special purpose loans	5,254	—	—	—	—	5,254
Unrestricted	10,508	—	—	—	—	10,508
Total net position	$ 16,365	8,657	73,829	16,860	—	115,711

VERMONT HOUSING FINANCE AGENCY

Statement of Revenues, Expenses and Changes in Net Position (Unaudited)

For the six months ended December 31, 2020

(dollars in thousands)

	Operating Fund	Single Family Mortgage Program Fund	Multiple Purpose Bond Fund	Multi-Family Mortgage Program Fund	State Bond Fund	Total
Operating revenues:						
Interest income:						
Investments	$ 14	174	35	37	—	260
Mortgage loans	1,128	24	2,787	2,044	—	5,983
Mortgage backed securities	—	327	3,034	—	—	3,361
Fee income	694	—	147	—	—	841
Revenue from sales of state tax credits	1,163	—	—	—	—	1,163
State reimbursements	—	—	—	—	589	589
TBA program revenue	451	—	—	—	—	451
Gain on bond redemptions, net	—	4	402	—	—	406
Other revenue	18	—	—	—	—	18
Total operating revenues	3,468	529	6,405	2,081	589	13,072
Operating expenses:						
Financing costs, including interest expense and amortization of bond premium and discount, net	616	319	4,581	1,282	565	7,363
Mortgage service and contract administration fees	—	1	95	—	—	96
Salaries and benefits	1,922	—	—	—	—	1,922
Operating expenses	405	6	3	1	23	438
Professional fees	82	5	4	13	—	104
Trustee and assignee fees	12	4	18	9	1	44
Provision for losses on loans and real estate owned	4	5	256	—	—	265
Total operating expenses	3,041	340	4,957	1,305	589	10,232
Operating income (loss)	427	189	1,448	776	—	2,840
Nonoperating revenues (expenses):						
Net depreciation in fair value of investments	(10)	(25)	(261)	(31)	—	(327)
Federal programs:						
Program revenue	5,409	—	—	—	—	5,409
Program expenses	(4,841)	—	—	—	—	(4,841)
Administration and period costs	(568)	—	—	—	—	(568)
Total nonoperating revenues (expenses)	(10)	(25)	(261)	(31)	—	(327)
Income (loss) before transfers	417	164	1,187	745	—	2,513
Net transfers from (to) other funds	3,000	(7,442)	5,918	(1,476)	—	—
Increase (decrease) in net position	3,417	(7,278)	7,105	(731)	—	2,513
Net position:						
Net position at beginning of year	12,948	15,935	66,724	17,591	—	113,198
Net position at end of period	$ 16,365	8,657	73,829	16,860	—	115,711

APPENDIX II

CERTAIN INFORMATION REGARDING THE DEVELOPMENTS AND OUTSTANDING MORTGAGE LOANS PREVIOUSLY FINANCED

Project Name	Bond Series	Total and Type of Units[2]	Total Annual Income (2021)[3]	Budgeted HAP Payments (2021)	HAP Expiration Date[4]	Annual Budgeted Expenses (2021)[5]	Original Mortgage Loan Amount	Outstanding Loan Balance as of 2/28/2021	Mortgage Loan Interest Rate	Loan Maturity Date
1306/EAST SPRING[1, 6, 7]	1999 Series C	42 F	$ 490,639	N/A	N/A	$ 439,229	$ 85,000	$ 38,375	7.220%	9/10/2021
BEN-SOUTH[1,6]	2012 Series A	21 F	210,043	N/A	N/A	193,650	295,352	258,763	6.000	1/10/2043
EAGLE CREST[1, 6, 7]	2012 Series A	60 A	755,629	N/A	N/A	714,915	2,575,389	1,670,417	5.500	5/10/2030
FALCON MANOR[1, 6, 7]	2012 Series A	65 A	902,561	N/A	N/A	795,319	3,842,606	3,330,315	5.500	1/10/2043
JEFFERSONVILLE BOND[1, 6]	2012 Series A	22 A	186,158	N/A	N/A	179,259	106,249	93,086	6.000	1/10/2043
LIME KILN BOND[1, 6]	2012 Series A	48 F	635,569	261,207	5/31/2024	555,289	604,446	529,563	6.000	1/10/2043
LIME KILN ALLOCATED[1, 6]	2012 Series C						558,302	494,119	6.500	1/10/2043
MAPLE TREE PLACE[1, 6]	2012 Series A	50 F	719,876	293,644	5/31/2024	652,368	1,216,934	1,066,173	6.000	1/10/2043
MAPLE TREE PLACE[1, 6]	2019 Series B						500,000	494,663	4.500	12/10/2042
ODELL BOND[1,6]	2012 Series A	160 F	2,322,986	958,402	12/31/2023	1,895,683	2,213,526	1,957,301	6.250	6/10/2043
ODELL ALLOCATED[1, 6]	2012 Series C						2,147,756	1,913,111	6.750	3/10/2043
SMITH HOUSING[1, 6, 8]	2012 Series A	17 F	159,735	70,000	6/30/2022	159,027	201,330	175,452	5.750	1/10/2043
WESTGATE BOND[1, 6]	2012 Series A	98 F	1,018,105	413,060	5/31/2031	988,892	57,807	50,646	6.000	1/10/2043
WESTGATE ALLOCATED[1, 6]	2012 Series C						217,770	192,737	6.500	1/10/2043
BENSON HEIGHTS[1, 6]	2012 Series B	15 A	205,493	149,168	7/16/2032	196,610	650,000	575,209	5.500	12/10/2043
COURTYARD APTS[1,3]	2012 Series B	101 A	1,277,274	844,104	8/31/2021	1,192,682	3,980,000	3,442,604	5.500	12/10/2042
GOVERNOR'S MANSION[1]	2012 Series B	15 A	226,541	150,485	9/4/2032	221,780	791,168	736,119	5.750	9/10/2052
LAKE CHAMPLAIN APTS[1, 7]	2012 Series B	43 F	514,355	338,988	10/28/2033	461,654	530,869	357,541	5.500	3/10/2031
LAMOILLE VIEW APTS[1, 6]	2012 Series B	25 A	275,827	181,000	9/30/2030	270,445	750,000	664,914	5.500	1/10/2044

[Continued on next page]

[1] These Developments are owned by (i) either a 501(c)(3) or 501(c)(4) nonprofit corporation, (ii) a governmental unit or (iii) a limited partnership or limited liability company organized for limited profit.

[2] A=Age restricted units; F=Family units

[3] Includes Housing Assistance Payments Contract ("HAPC") Payments and is based on the income figures reflected on the owner's 2021 budget

[4] Assumes all permitted renewals. Renewals of the HAPCs are subject to certain conditions.

[5] Includes Multifamily Mortgage Loan debt service, administration expenses, management fee, utilities, ordinary maintenance, real estate taxes, and reserve for replacements reflected on the owner's 2021 budget. All of the Multifamily Mortgage Loans provide for principal and interest on a level debt service basis.

[6] Developments involving low income housing credits

[7] Project received more than one Mortgage Loan from the Agency; additional loan(s) not pledged to the Multi-Family Mortgage Bond Resolution and not reflected in table.

[8] Project has received additional loans from the Agency funded with funds not allocable to the Multi-Family Mortgage Bond Resolution. Total outstanding balance owing to the Agency as of February 28, 2021 was $192,995

Project Name	Bond Series	Total and Type of Units[2]		Total Annual Income (2021)[3]	Budgeted HAP Payments (2021)	HAP Expiration Date[4]	Annual Budgeted Expenses (2021)[5]	Original Mortgage Loan Amount	Outstanding Loan Balance as of 2/28/2021	Mortgage Loan Interest Rate	Loan Maturity Date
MAPLE ST SENIOR APTS[1, 6]	2012 Series B	16	A	184,449	$ 105,000	2/12/2035	180,913	475,000	$ 424,145	5.500%	5/10/2044
SOUTH SQUARE APTS[1, 6]	2012 Series B	65	A	1,006,670	742,284	6/23/2035	674,651	2,500,000	1,778,946	5.250	12/10/2032
PINE MEADOW[1, 6]	2012 Series C	30	F	291,711	N/A	N/A	291,293	376,933	314,206	6.500	4/10/2038
PROCTOR PLACE	2012 Series C	12	A	233,955	103,200	10/21/2032	148,481	400,000	353,409	6.500	12/10/2042
GARDENS II[1, 6, 7]	2014 Series A	51	A	1,301,173	20,326	10/31/2021	1,112,997	1,738,045	1,503,737	6.700	8/10/2045
MAD RIVER MEADOWS[1, 6]	2014 Series A	24	A/F	307,574	237,300	2/10/2032	305,186	755,000	520,478	6.700	9/10/2034
WESTMINSTER FAMILY[1, 7]	2014 Series A	9	F	164,466	111,505	1/1/2033	139,683	275,000	185,230	6.700	3/10/2034
BARDWELL HOUSE[1]	2014 Series B	75	A	985,743	706,010	2/28/2034	883,170	4,000,000	3,570,154	5.950	12/10/2043
CONVERSE HOME[1]	2014 Series B	66	A	5,191,378	N/A	N/A	5,306,163	8,477,364	6,138,413	6.530	1/10/2036
RAIL CITY FAMILY HSG[1, 6]	2014 Series B	31	F	403,951	166,579	3/31/2033	394,747	1,300,000	1,183,535	5.950	12/10/2044
RICHMOND TERRACE[1, 6]	2014 Series B	15	A	268,608	190,128	2/18/2026	266,508	650,000	582,134	5.950	2/10/2044
MANCHESTER COMMONS[1, 6]	2014 Series C	16	F	159,423	N/A	N/A	139,246	154,250	110,801	7.750	8/10/2034
WILLISTON WOODS[1]	2014 Series C	112	A	450,395	N/A	N/A	450,396	1,488,000	1,349,015	6.850	12/10/2043
WRIGHT HOUSE[1, 6]	2014 Series C	36	A	419,923	234,216	10/10/2044	404,093	400,000	368,498	6.950	10/10/2044
JUNIPER NORTH[1,3,6]	2019 Series A	22	A	284,016	tbd	tbd	262,412	1,070,000	1,070,000	4.250	tbd
SALMON RUN[1,6]	2019 Series A	80	F	1,180,145	N/A	N/A	1,075,864	3,200,000	2,635,416	5.260	4/10/2041
SOUTH ST PAUL [1, 7]	2019 Series A	38	F	629,661	N/A	N/A	412,483	1,569,560	1,541,191	4.750	12/10/2049
WINDSOR VILLAGE[1,6]	2019 Series A	77	A/F	1,057,168	717,552	9/30/2038	1,012,691	3,294,000	2,780,543	5.260	3/10/2042
CONGRESS STREET APTS[1,6]	2019 Series B	30	F	363,475	N/A	N/A	337,371	1,250,000	1,250,000	4.250	5/1/2051
JUNIPER SOUTH[1,3,6]	2019 Series B	48	A	534,121	tbd	tbd	529,725	1,565,000	1,565,000	4.375	tbd
PETERSON PLACE[1,6]	2019 Series B	13	F	164,376	114,776	12/25/2020	157,514	430,882	423,094	4.750	12/10/2049
Totals:		1648		$25,483,172			$23,402,389	$56,693,538	$47,689,053		

[1] These Developments are owned by (i) either a 501(c)(3) or 501(c)(4) nonprofit corporation, (ii) a governmental unit or (iii) a limited partnership or limited liability company organized for limited profit.

[2] A=Age restricted units; F=Family units

[3] Includes Housing Assistance Payments Contract ("HAPC") Payments and is based on the income figures reflected on the owner's 2021 budget

[4] Assumes all permitted renewals. Renewals of the HAPCs are subject to certain conditions.

[5] Includes Multifamily Mortgage Loan debt service, administration expenses, management fee, utilities, ordinary maintenance, real estate taxes, and reserve for replacements reflected on the owner's 2021 budget. All of the Multifamily Mortgage loans provide for principal and interest on a level debt service basis.

[6] Developments involving low income housing credits

[7] Project received more than one Mortgage Loan from the Agency; additional loan(s) not pledged to the Multi-Family Mortgage Bond Resolution and not reflected in table.

[8] Project has received additional loans from the Agency funded with funds not allocable to the Multi-Family Mortgage Bond Resolution. Total outstanding balance owing to the Agency as of February 28, 2021 was $192,995.

APPENDIX III

DEVELOPMENTS AND MORTGAGE LOANS NEWLY FINANCED BY OR ADDITIONALLY PLEDGED TO THE 2021 SERIES A BONDS

New Mortgage Loans

Upon the issuance of the 2021 Series A Bonds, $9,990,000 aggregate principal amount of such Bonds will be utilized to fund New Multifamily Mortgage Loans relating to three Developments in the aggregate principal amount of $9,990,000. In the event the anticipated New Multifamily Mortgage Loans do not close, the Agency will use unexpended proceeds in the 2021 Series A Program Account to finance alternate Mortgage Loans made in accordance with its rental housing assistance guidelines described under "MULTI-FAMILY MORTGAGE LOAN PROGRAM OF THE AGENCY" herein.

The Developments funded by the New Mortgage Loans range in size from 43 to 60 units and contain a total of 147 units. Of those units, 44 are occupied by age-restricted tenants. Each New Mortgage Loans will be allocable to the 2021 Series A Bonds as described in the table below. Two of the New Mortgage Loans relate to Developments that have received prior financing from the Agency.

Construction and rehabilitation of one of the Developments to be financed with New Mortgage Loans (Chicken Bone Housing) is complete. One project is in the process of rehabilitation (Whitney Hill), with an expected completion date of January 31, 2022. The third project (Dover Place at City Center) is still under construction with an expected completion date of April, 2022. During such rehabilitation and construction periods, interest-only payments will be made on the related Mortgage Loans, and the related lockout date for each such Mortgage Loan is expected to be ten years from the date of construction completion. Each of the Developments with construction periods have either broken ground or commenced rehabilitation.

Additional Information Regarding New Mortgage Loans
(anticipated as of March 16, 2021)

Series	Development	Principal Amount of Multifamily Mortgage Loan(s)	Loan Rate	Closing Date	Term[1]	Lockout Expiration Date[2]
2021 Series A	Chicken Bone Housing	$2,000,000	4.250%	March 9, 2021	360	March, 2031
2021 Series A	Dover Place at City Center	6,365,000[4]	3.875	February 8, 2021	314[3]	April, 2032
2021 Series A	Whitney Hill Homestead	1,625,000	4.250	March 4, 2021	360	January, 2032

[1] Term of permanent Mortgage Loan after completion of construction period, if any.

[2] Approximate date. Mortgage Loans related to Developments with construction periods will have an expected lockout expiration date 10 years from date of construction completion. Additionally, lockout provisions for any Mortgage Loan may be waived with the consent of the Agency.

[3] Amortizes over 494 months, with balloon payment on April 1, 2047.

[4] Expected to be insured under the FHA Risk-Share Insurance Program upon completion of construction. See APPENDIX IV herein for a summary of the FHA Risk-Share Insurance Program.

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APPENDIX IV

SUMMARY OF FEDERAL HOUSING ASSISTANCE PROGRAMS

Introduction

The United States Department of Housing and Urban Development ("HUD"), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various federal programs authorized under the United States Housing Act of 1937, as amended (the "Housing Act").

The following summaries of the Section 8 Housing Assistance Payments Program (the "Section 8 program") and the FHA Risk-Share Insurance Program are not comprehensive or definitive and are qualified in their entirety by reference to applicable statutes, regulations and agreements.

Section 8 Housing Assistance Payments Program

Section 8 of the Housing Act, as amended by the Housing and Community Development Act of 1974, established a federal housing assistance program of federal assistance for multifamily housing developments of the type that the Agency finances under its Program (each, a "Section 8 Development"). The Section 8 program involves the distribution of housing assistance payments to the owners of housing developments assisted under such program. The Section 8 program is administered on the federal level by HUD. The housing assistance payments program for each Section 8 Development is administered at the state level by the Vermont State Housing Authority, the Agency or both (collectively, the "Contract Administrator").

Pursuant to regulations issued by HUD under the Section 8 program during the period 1975-1984, HUD granted "set-asides" for state housing agencies (i.e., reservations of annual housing assistance payments under the Section 8 program) which an agency, with HUD approval, can allocate to developments according to its own housing program. As provided in the regulations, HUD reserved a portion of such set-asides for the State of Vermont to be used in connection with the new construction or substantial rehabilitation of housing.

Eligible tenants for rental units assisted under the Section 8 program, as implemented by the Contract Administrator, are families with family income not in excess of 50% of the median income for the area in which the development is located, as determined by HUD and adjusted for family size. HUD regulations define the term "family" to include elderly, disabled, handicapped or displaced single persons and, under certain limited conditions, other single persons. In the State of Vermont, 50% of median income ranges from a low of $26,150 per year for one person to a high of $60,550 for a family of eight persons.

Section 8 housing assistance payments are provided, in the case of developments that are permanently financed by the Agency and that utilize a portion of the Contract Administrator's annual set-asides of Section 8 contract authority, through an Annual Contributions Contract ("ACC") between HUD and the Contract Administrator and a Housing Assistance Payment Contract ("HAPC") between the Contract Administrator and the owner of the assisted development. Pursuant to the ACC, the Contract Administrator will receive an annual contribution from HUD, payable monthly in advance, with respect to each assisted dwelling unit and will, in turn, disburse monthly housing assistance payments to the owner of the development under the HAPC. Generally, the full faith and credit of the United States is pledged to the payment of annual contributions pursuant to the ACCs, other than when subject to appropriations.

The amount of the subsidy payable to the Contract Administrator for the account of the owner under the HAPC is the applicable contract rent less the payment, if any, required to be made to the owner by the tenant as determined by HUD. The tenant payment is generally equal to 30% of family monthly income. Present federal law directs HUD to mandate a minimum rent of between $25 and $50 for all tenants, and a minimum rent of between $0 and $50 for project-based Section 8 programs, such as the Section 8 Developments. HUD has implemented a $25 minimum rent for most families (HUD Notice H 96-89). Thus, the total rental income from Section 8 housing units payable to or for the account of the owner is equal to the contract rent, part being paid by the tenants directly to the owner and the remainder being paid by HUD through the Contract Administrator to the owner in the form of HAPC Payments. The proportion of the contract rent actually paid by HUD and that actually paid by tenants will vary depending upon tenant income.

If a vacancy exists, other than as a result of action by the owner which is in violation of the lease, the owner will be entitled to housing assistance payments equal to 80% of the contract rent for a vacancy period not exceeding 60 days, so long as the owner diligently endeavors to fill the vacancy with an eligible tenant. Such payments for vacancies will be reduced to the extent the owner receives payment from the tenant for such vacancy period or the owner is otherwise entitled to payments from any other source, including a security deposit, for the vacant unit. In addition, if a unit continues to be vacant after this 60-day period, the owner may receive additional payments of up to one year for each vacancy equal to the principal and interest payments required to amortize the debt attributable to that unit, provided that (a) the unit is in decent, safe and sanitary condition during the vacancy period, (b) the owner has taken and continues to take all feasible actions to fill the vacancy, (c) the development is not providing the owner with revenues equal to costs incurred and the amount of the payments do not exceed the deficiency and (d) the owner submits a statement with supporting evidence satisfactory to HUD (or the Contract Administrator) that the development can achieve financial soundness within a reasonable time. HUD (or the Contract Administrator) may deny any claim for additional payments if it determines that, based on the owner's statement and other evidence, there is not a reasonable prospect that the development can achieve financial soundness within a reasonable time. Housing assistance payments are not payable with respect to units that are occupied by tenants who are not eligible for Section 8 assistance. However, if the dwelling unit is subsequently reoccupied by an eligible tenant, housing assistance payments will again become available to the owner unless the HAPC has been modified in the interim by deleting that dwelling unit from its coverage.

The Contract Administrator is permitted, but not required, to delete from the HAPC any units that the owner fails, for substantial periods of time, to lease or make available for lease by eligible tenants. The Agency's mortgage loan documents prohibit the owner from leasing more than 20% of the dwelling units to ineligible tenants without prior approval from the Agency.

HUD's Section 8 regulations and the ACCs provide that the initial contract rents for the assisted dwelling units in each development may be adjusted annually pursuant to a HUD-established automatic annual adjustment factor. Under the Housing Act, the annual adjustment factor is applied on the anniversary date of each HAPC, resulting in upward or downward adjustment, except that contract rents may not be reduced below the contract rents in effect on or after April 15, 1987, for newly constructed or substantially rehabilitated projects, unless the project has been refinanced in a manner that reduces the periodic payment of the owner. However, pursuant to several appropriations acts by Congress applicable to the 1995 and subsequent federal fiscal years and made permanent by legislation in 1997, contract rents may not be increased beyond HUD Fair Market Rents (as described below) plus the differential between the initial contract rent and comparable rents at the time of execution of the HAPC (the "Initial Difference"), unless the owner submits evidence of higher comparable market rents as determined by independent appraisals of at least three comparable local developments. Special additional adjustments may be approved by HUD to reflect actual and necessary expenses of owning and maintaining the development that have resulted from

substantial general increases in real property taxes, utility rates or similar costs (i.e., assessments and utilities not covered by regulated rates), but only to the extent that such general increases are not compensated for by the automatic annual adjustment. Adjustments, however, are limited to 120% of the HUD Fair Market Rents plus the Initial Difference. Present HUD policy also provides that the annual adjustment factors for Section 8 units which experienced no turnover in tenants since the preceding HAPC anniversary date will be one percentage point less than the annual adjustment factors that would otherwise apply. Consequently, there can be no assurance that increases in contract rents, if any, will result in revenues sufficient to compensate for increased operating expenses of the Section 8 Developments.

Each year, HUD publishes its determination of fair market rents ("HUD Fair Market Rents"). Such HUD Fair Market Rents constitute HUD's determination of the rents, including utilities (except telephone), ranges and refrigerators, parking and all maintenance, management and other essential housing services, which would be required to obtain, in a particular market area, privately developed and owned rental housing of modest design with suitable amenities.

The following table sets forth the range of monthly rents for the Section 8 Developments effective on October 1, 2019 based on unit size and the current range of HUD Fair Market Rents in Vermont:

Range of Section 8 Development Monthly Rents and HUD Fair Market Rents

	One Bedroom	**Two Bedrooms**	**Three Bedrooms**
Section 8 Developments	$909-$1,307	$993-$1,531	$1,422-$2,048
HUD Fair Market Rents (effective October 1, 2020)	$583-$1,265	$741-$1,628	$985-$2,025

There have been several court decisions with respect to the Section 8 program and the limitations on contract rent adjustments. The United States Supreme Court, in its 1993 decision, *Cisneros v. Alpine Ridge Group, et al.*, held that housing assistance payment contracts between private landlords and HUD did not prohibit the use of comparability studies with private market rents to impose an independent cap on formula-based rent adjustments. In a January 1997 decision, *National Leased Housing Association, et al., v. United States*, the United States Court of Appeals for the Federal Circuit upheld a decision of the Court of Claims that the "overall limitation" provision contained in the rent adjustment section in HAPCs (which states, in effect, that notwithstanding any other provision of the HAPC, adjustments provided for in that section of the HAPC shall not result in material differences between the rents charged for assisted and comparable unassisted units except to the extent that differences existed with respect to the contract rents set at contract execution or cost certification, as applicable) permits HUD to use comparability studies to decrease contract rents to eliminate material differences between rents charged for assisted and comparable unassisted units which are greater than the Initial Difference. In addition, the Court of Appeals affirmed the decision of the Court of Claims that HAPCs permit HUD to reduce rents below a previous year's rent levels through the use of comparability studies, and that the Initial Difference is determined by the initial dollar amount and not by a percentage of the initial rents.

At this time, the Agency is unable to predict what actions, if any, HUD or the Congress will take in the future with respect to such rent adjustments. Actions by HUD in the future could have the effect of limiting upward adjustments in contract rents or of decreasing contract rents currently in effect to eliminate any material difference between the contract rents and rents charged for comparable unassisted units, except to the extent of the Initial Differences. Such actions, if taken, could adversely affect the ability of the owners of the Developments to pay principal and interest on the Mortgage Loans, which in turn could adversely affect the ability of the Agency to make timely payments of interest and principal on the Bonds

with amounts pledged under the Resolutions. Congress has passed legislation and HUD has implemented procedures to restrict contract rent increases above fair market rents for each fiscal year since 1995. Any of the actions mentioned above could adversely affect the ratings on, and the market price of, the Bonds, including the 2021 Series A Bonds.

The maximum total annual contribution that may be contracted for in an ACC will equal the initial gross rents for all assisted units in the development. If the amount of housing assistance payments actually disbursed under an ACC in any given year is less than the total available amount, the excess (initially an amount equal to the portion of the gross rents payable by the tenants) is available to be set aside by HUD in an account (the "project account") for the particular development and will be available for future years to fund increases in contract rents for the development or decreases in family incomes. If and when a project account falls below 40% of the maximum annual commitment, HUD undertakes in the ACC to provide additional funding, to the extent permitted by law, in order to increase the maximum annual contribution payable under the ACC.

Subsection (c)(6) of Section 8 provides:

> The Secretary [of HUD] shall take steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.

In practice, HUD has not been replenishing the project accounts when the amounts in such project accounts have fallen below 40% of the maximum annual commitment, but has sought and received amendment authority from the Congress to enable it to discharge its obligations under the HAPCs and the ACCs.

Although the Section 8 housing assistance payments are made directly or indirectly to the owner and, in effect, represent rental income, the HAPC may, with HUD's approval, be pledged by the owner to the Agency as mortgage lender on the development. All of the HAPCs covering the Agency's Section 8 Developments have been so pledged. However, the owner will retain the right to collect such payments so long as the owner is in compliance with the provisions of the HAPC and the Agency's Mortgage Loan documents. The Agency's rights to receive Section 8 subsidy payments with respect to the developments have been pledged and assigned to the Trustee as part of the security for the Bonds. Under federal laws, the United States government may have the right to set off liabilities of the Agency to the United States against the payments under ACCs. Housing assistance payments by HUD do not terminate if the mortgage on the development goes into default, so long as the owner has not breached any of its obligations under the HAPC, including, among other responsibilities, its obligation to maintain and operate the development so as to provide decent, safe and sanitary housing. In the event of breach by the owner, HUD may abate or terminate housing assistance payments after giving the owner and the Contract Administrator an opportunity to take corrective action.

The FHA Risk-Share Insurance Program

The following is a brief description of the multi-family mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act") of Title II of the National Housing Act, as amended.

The Section 542(c) program ("FHA Risk-Share Insurance Program") provides for FHA insurance ("FHA Risk-Share Insurance") of multi-family loans pursuant to risk-sharing agreements between HUD and qualified state or local housing agencies, such as the Agency. Under the FHA Risk-Share Insurance Program, housing finance agencies may apply to qualify as a participating "HFA." HUD assigns to participating HFAs the authority to originate loans to be insured under this program and the responsibility to administer the program within the guidelines of the risk-sharing agreement, providing, among other matters, that in the event of a loan default with respect to a loan insured under the FHA Risk-Share Insurance Program, the HFA is required to share with HUD in any loss arising as a consequence of the loan default. The Agency has been approved as a participating HFA and has entered into a Risk-Sharing Agreement with HUD dated as of September 18, 2009, as subsequently amended (the "Risk-Sharing Agreement"). Under the Risk-Sharing Agreement, the Agency has assumed 50% of the risk of loss associated with the Mortgage Loans insured pursuant thereto.

FHA Risk-Share Insurance Claims in the Event of Default. An event of default exists when the mortgagor fails to make any payment due under the mortgage or fails to perform any covenant under the mortgage (including covenants in any related regulatory agreement). In the event of a default continuing for a period of 30 days, and in the case of a covenant default, if the Agency accelerates the debt and the mortgagor fails to pay the full amount due, the Agency is entitled to receive FHA insurance benefits to the extent described and upon compliance with the applicable FHA claims procedures. The proceeds of the initial claim payment, however, must be used to retire any bonds or other financing mechanisms securing the mortgage loan within 30 days of the initial claim payment, and any excess claim funds remaining after such retirement or repayment must be returned to HUD. See the discussion of redemption provisions in Part I. Within 30 days of receiving the initial claim payment, the Agency is required to issue to HUD a debenture (the "Agency Debenture"), dated the same date as the initial claim payment is issued and in an amount equal to the full initial claim amount, less any excess funds returned to HUD as described above. The Agency Debenture must be supported by the full faith and credit of the Agency, will have a term of five years and will bear interest at HUD's published debenture rate as provided in the applicable regulations. Interest on the Agency Debenture will be due and payable annually on the anniversary date of the initial claim payment, with principal being due at maturity.

The Agency is required to file an application for final settlement in accordance with applicable HUD procedures not later than 30 days after either (a) sale of the mortgaged property after foreclosure or after acquisition by deed-in-lieu of foreclosure or (b) expiration of the term of the Agency Debenture. At the time of final settlement, the amount of the "total loss," as provided in the applicable regulations, will be shared by HUD and the Agency based upon the respective percentage of risk specified in the applicable mortgage note and addendum to the Risk-Sharing Agreement.

Developments Relating to HUD

At this time, the Agency cannot predict the terms of legislation, if any, which may be enacted which may restructure and change HUD, its administration and its programs (including the Section 8 program or the FHA Risk-Share Insurance Program) and the funding of HUD and its programs. The Agency cannot predict whether any such legislation, if enacted, would adversely affect the ability of the Agency to make timely payments of principal and interest on the Bonds, including the 2021 Series A Bonds, with amounts pledged under the General Resolution.

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APPENDIX V

FORM OF BOND COUNSEL OPINION

_____, 2021

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05401

$10.490,000
Vermont Housing Finance Agency
Multi-Family Mortgage Bonds,
2021 Series A (Non-AMT)

We have acted as Bond Counsel in connection with the issuance by the Vermont Housing Finance Agency (the "Agency") of its Multi-Family Mortgage Bonds, 2021 Series A in the aggregate principal amount of $10,490,000 (the "2021 Series A Bonds"). The 2021 Series A Bonds are authorized to be issued pursuant to No. 260 of the Vermont Acts of 1973 (Adjourned Session), as amended (the "Act"), and under and pursuant to the Agency's Multi-Family Mortgage Bond Resolution adopted on February 3, 1977, as amended (the "General Resolution"), the Agency's Resolution Authorizing the Issuance and Sale of a Maximum of $75,000,000 of Bonds in One or More Series to Finance Multi-Family Projects, adopted on December 3, 2020, and a related Series Certificate (together, the "Series Resolution"). The General Resolution and the Series Resolution are referred to herein, collectively, as the "Resolutions."

The 2021 Series A Bonds are being issued to provide moneys to fund (or reimburse the Agency for funding) additional Mortgage Loans to acquire, construct, or rehabilitate multi-family residential housing located in the State of Vermont (the "State").

The 2021 Series A Bonds are dated, mature in the years, in the respective principal amounts and bear interest at the rates per annum set forth in the Series Resolution. The 2021 Series A Bonds are also subject to redemption prior to maturity upon the terms and conditions and at the redemption prices provided in the Resolutions.

In rendering this opinion, we have reviewed the Resolutions, along with certain other documents, certificates and other materials delivered in connection with the issuance of the 2021 Series A Bonds. The Agency has covenanted in the Resolutions to do all things necessary to assure that interest on the 2021 Series A Bonds is excludable from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder. Certain requirements must be met subsequent to the delivery of the 2021 Series A Bonds in order that interest on the 2021 Series A Bonds be tax-exempt. Certain covenants of the Agency and other parties, as well as affidavits and other procedures, are set forth in the documents relating to the issuance of the 2021 Series A Bonds and the Agency's multi-family program to comply with the requirements of the Code. We have examined such documents and such covenants, affidavits and other procedures and are of the opinion that they are sufficient to enable the Agency to comply with the requirements of the Code.

Based on the foregoing, it is our opinion that:

1. The Agency is duly created and validly existing under the Act as a body politic and corporate of the State of Vermont and has the right and power under the Act to adopt the Resolutions and to authorize, issue and deliver the 2021 Series A Bonds.

2. The Resolutions have been duly and lawfully adopted by the Agency, are in full force and effect and are valid and binding upon the Agency and enforceable in accordance with their terms, and no other authorization for the Resolutions is required. The Resolutions create the valid pledge which they purport to create of the Mortgage Loans, and the documents evidencing such Mortgage Loans, and the rights of the Agency incident thereto and all Revenues, Prepayments, Recovery Payments, Acquired Development Operating Income (as defined in the Resolutions) and all moneys and securities in all funds and accounts (except the Rebate Fund) created by or pursuant to the Resolutions (except Escrow Payments and the Multi-Family Escrow Payment Account), subject only to the provisions of the Resolutions permitting the application of amounts held thereunder for the purposes and on the terms and conditions set forth in the Resolutions.

3. The 2021 Series A Bonds have been duly authorized, executed, issued and delivered by the Agency in accordance with the Act and the Resolutions and constitute valid and binding general obligations of the Agency, which has no taxing power, enforceable in accordance with their terms and the terms of the Resolutions and entitled to the benefits of the Act and the Resolutions. The 2021 Series A Bonds are payable out of any of the Agency's revenues, moneys or assets, subject only to agreements theretofore or thereafter made with holders of notes and bonds other than the 2021 Series A Bonds pledging particular revenues, moneys or assets for the payment thereof. The 2021 Series A Bonds do not constitute a debt, liability or obligation of the State or of any political subdivision thereof or a pledge of the faith and credit of the State or of any political subdivision, but shall be payable solely from the revenues or assets of the Agency pledged to the payment thereof.

4. The Agency in the General Resolution has validly covenanted to do all acts and things necessary to receive and collect Revenues and to annually make and deliver to the Governor or the Governor-elect, the President of the Senate and the Speaker of the House of the State, in compliance with the provisions of the Act, the certificate stating the amount, if any, required to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement. The State, by its General Assembly, is legally authorized, but not legally obligated, to appropriate annually such sum as shall have been so certified by the Chairman of the Agency as necessary to restore the Debt Service Reserve Fund to an amount equal to the Debt Service Reserve Requirement.

5. Assuming continuing compliance with covenants by the Agency set forth in the Resolutions and other documentation related to the 2021 Series A Bonds, all as described above, under existing laws, regulations, rulings and judicial decisions, interest on the 2021 Series A Bonds is excludable from gross income for federal income tax purposes, except for interest on any 2021 Series A Bond for any period during which it is held by a "substantial user" of any facilities financed or refinanced by the 2021 Series A Bonds or a "related person," as such terms are used in Section 147(a) of the Code. Interest on the 2021 Series A Bonds is not a specific tax preference item for purposes of calculating the alternative minimum tax imposed under the Code. Except as expressed in the following paragraph, we express no opinion regarding any other federal income tax consequences arising with respect to the 2021 Series A Bonds.

The accrual or receipt of interest on the 2021 Series A Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the

recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

The foregoing opinions are qualified only to the extent that the enforceability of the 2021 Series A Bonds and the Resolutions may be limited by the exercise of judicial discretion in accordance with general equitable principles and by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally heretofore or hereafter enacted to the extent constitutionally enforceable.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. The opinions expressed herein are based upon existing law as of the date hereof, and we express no opinion herein as of any subsequent date or with respect to any pending legislation.

Very truly yours,

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APPENDIX VI

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

Vermont Housing Finance Agency
$10,490,000
Multi-Family Mortgage Bonds
2021 Series A (Non-AMT)

THIS CONTINUING DISCLOSURE AGREEMENT (this "*Disclosure Agreement*") is executed and delivered by the Vermont Housing Finance Agency (the "*Agency*") and The Bank of New York Mellon Trust Company, N.A. (the "*Trustee*") in connection with the offering and sale of $10,490,000 aggregate principal amount of the Agency's Multi-Family Housing Bonds, 2021 Series A (Non-AMT) (the "*Bonds*"), as more fully described in the official statement of the Agency dated March 25, 2021 (the "*Official Statement*"). The Bonds are being issued pursuant to a Multi-Family Mortgage Bond Resolution adopted on February 3, 1977 (as amended, the "*General Resolution*") and the Agency's Resolution Authorizing the Issuance and Sale of a Maximum of $75,000,000 of Bonds in one or more Series to Finance Multi-Family Projects, adopted on December 3, 2020, and a Series Certificate executed and delivered pursuant thereto (together, the "*Series Resolution*"). The General Resolution and the Series Resolution are sometimes collectively referred to herein as the "*Resolution*". The Agency and the Trustee covenant and agree as follows:

Section 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Agency and the Trustee for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Beneficial Owner*" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"*Disclosure Representative*" shall mean the Chief Financial Officer of the Agency or his or her designee, or such other officer or employee as the Agency shall designate in writing to the Trustee from time to time.

"*Dissemination Agent*" shall mean the Agency, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Agency and which has filed with the Trustee a written acceptance of such designation.

"*Financial Obligation*" of the Agency means (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), provided, that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Current filing information relating to the MSRB is set forth in *Exhibit A* attached hereto.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"*State*" shall mean the State of Vermont.

Section 3. Provision of Annual Reports. (a) The Agency shall, or shall cause the Dissemination Agent to, not later than 180 days after the end of the Agency's fiscal year (presently June 30), commencing with the report for the Fiscal Year ended June 30, 2021, provide to the MSRB, through its Electronic Municipal Market Access system, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Agency shall provide the Annual Report to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Agency and the Dissemination Agent to determine if the Agency is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Trustee shall send a notice to the MSRB in substantially the form attached as *Exhibit B*.

(d) The Dissemination Agent shall file a report with the Agency and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The Agency's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the Agency for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) The financial information and operating data of the Agency for the prior fiscal year generally consistent with the financial information and operating data contained in the Official Statement under the headings "THE AGENCY—Outstanding Indebtedness" and Appendix II "CERTAIN INFORMATION REGARDING THE DEVELOPMENTS AND OUTSTANDING MORTGAGE LOANS PREVIOUSLY FINANCED."

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Agency or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) Pursuant to the provisions of this Section 5, the Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) modifications to rights of Bondholders, if material;

(4) bond calls, if material;

(5) defeasances;

(6) rating changes;

(7) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series A Bonds;

(8) unscheduled draws on the debt service reserves reflecting financial difficulties;

(9) unscheduled draws on credit enhancements reflecting financial difficulties;

(10) substitution of credit or liquidity providers, or their failure to perform;

(11) release, substitution or sale of property securing repayment of the Bonds, if material;

(12) tender offers;

(13) bankruptcy, insolvency, receivership or similar event of the Agency;[1]

(14) the consummation of a merger, consolidation or acquisition involving the Agency, the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(15) appointment of a successor or additional trustee, or the change of name of a trustee, if material;

(16) incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect holders of the Bonds, if material; or

(17) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflects financial difficulties.

(b) The Agency shall file with the MSRB in a timely manner, not in excess of ten (10) business days after the occurrence thereof, a notice of the occurrence of any of the events described in subsection 5(a) above.

Section 6. Management Discussion of Items Disclosed in Annual Reports or as Significant Events. If an item required to be disclosed in the Agency's Annual Report under Section 4, or as a Listed Event under Section 5, would be misleading without discussion, the Agency shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in the context in which it was made.

Section 7. Termination of Reporting Obligation. The Agency's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the

[1] For purposes of the event identified in Section 5(a)(13) above, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency.

Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 8. Dissemination Agent; Duties and Liabilities. (a) The Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Agency pursuant to this Disclosure Agreement. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Agency has provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty or obligation to review or verify any Annual Report, Listed Events or any other information, disclosures or notices provided to it by the Agency and shall not be deemed to be acting in any fiduciary capacity for the Agency, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Agency's failure to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Agency has complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon certifications of the Agency at all times.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and the Dissemination Agent shall in no event incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Agency.

Section 9. Amendment and Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Agency and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Agency in writing provided that such amendment does not amend and/or modify the rights, privileges, immunities, protections, duties or obligations of the Trustee hereunder), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(i) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(ii) The undertaking, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not materially impair the interests of the Holders or

Beneficial Owners of the Bonds, as determined by a party unaffiliated with the Agency (such as the Trustee); and

(iv) The amendment or waiver is otherwise permitted by the Rule.

As set forth in Section 1 of this Disclosure Agreement, the Agency has executed and delivered this Disclosure Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Disclosure Agreement to the contrary, in the event the Securities and Exchange Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Agency shall be permitted, but shall not be required, to unilaterally modify the covenants in this Disclosure Agreement, without complying with the requirements of this Section 9, in order to comply with, or conform to, such changes. In the event of any such modification of this Disclosure Agreement, the Agency shall file or cause the Dissemination Agent to file, a copy of this Disclosure Agreement, as revised, in the manner set forth in this Disclosure Agreement in a timely manner.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Agency shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Agency shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. (a) In the event of a failure of the Agency or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall), or any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency or Trustee, as the case may be, to comply with its Bonds under this Disclosure Agreement.

(b) Notwithstanding the foregoing, no Holder or Beneficial Owner of the Bonds shall have the right to challenge the content or adequacy of the information provided pursuant to Sections 3, 4 or 5 of this Disclosure Agreement by mandamus, specific performance or other equitable proceedings unless Holders or Beneficial Owners of Bonds representing at least 66 2/3% in aggregate principal amount of the Bonds shall join in such proceedings.

(c) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Agency or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article XI of the General Resolution is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Resolution. All of the rights, privileges, protections and immunities given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee under this Agreement. The Dissemination Agent (if other than the Trustee or the Trustee in its capacity as Dissemination Agent) shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Agency:

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, Vermont 05401-4634
Attention: Chief Financial Officer
Telephone Number: (802) 864-5743
Facsimile Number: (802) 864-5746

To the Trustee:

The Bank of New York Mellon Trust Company, N.A.
4655 Salisbury Road, Suite 300
Jacksonville, Florida 32256
Attention: Christina Youmans
Telephone Number: (904) 645-1995

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule, however, this Disclosure Agreement shall inure solely to the benefit of the Agency, the Trustee, the Dissemination Agent, if any, and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 16. Governing Law. This Agreement shall be governed by the laws of the State except for certain federal law requirements imposed hereunder, which shall be governed by federal law.

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IN WITNESS WHEREOF, the parties hereto have caused this Disclosure Agreement to be duly executed and delivered as of this ____ day of April, 2021.

VERMONT HOUSING FINANCE AGENCY

By:_____
Authorized Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., at Trustee

By:_____
Authorized Officer

EXHIBIT A

Current filing information relating to the Municipal Securities Rulemaking Board is as follows:

Municipal Securities Rulemaking Board

http://emma.msrb.org

EXHIBIT B

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Vermont Housing Finance Agency (the "*Agency*")

Name of Bond Issue: $10,490,000 Multi-Family Mortgage Bonds, 2021 Series A (Non-AMT)

Date of Issuance: April __, 2021

NOTICE IS HEREBY GIVEN that the Agency has not provided an Annual Report with respect to the above-named Multi-Family Mortgage Bonds, 2021 Series A, as required by Section 3 of the Continuing Disclosure Agreement dated April __, 2021 between the Agency and The Bank of New York Mellon Trust Company, N.A., as Trustee. The Agency anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A., on behalf of the Agency

cc: Vermont Housing Finance Agency

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APPENDIX VII

MULTI-FAMILY MORTGAGE BONDS OUTSTANDING AS OF DECEMBER 31, 2020

Series	Original Principal Amount	Principal Amount Outstanding as of 12/31/2020
2012 Series A Bonds	$11,165,000	$10,385,000
2012 Series B Bonds	10,080,000	9,915,000
2012 Series C Bonds	5,210,000	240,000
2014 Series A Bonds	2,510,000	1,680,000
2014 Series B Bonds	10,990,000	10,990,000
2014 Series C Bonds	1,955,000	10,000
2019 Series A Bonds	9,270,000	9,270,000
2019 Series B Bonds	4,160,000	4,065,000
Total:	$55,340,000	$46,555,000

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