

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (this "Agreement") is made and entered into as of this _____ day _____, 2025 (the "Effective Date"), by and between the Town of Greensboro, Vermont, the property owner having an address of 81 Lauredon Avenue, Greensboro, Vermont 05841 (the "Grantor"), and Gilman Housing Trust, Inc. DBA Rural Edge, a Vermont nonprofit corporation having an address of 1222 Main Street, St. Johnsbury, Vermont 05819, its successors and assigns (the "Grantee"). This Agreement is effective when signed by both Seller and Buyer.

Preliminary Statement. Seller and Buyer are parties to that certain Option Agreement originally dated as of March 18, 2022, as amended by a First Amendment to Option Agreement dated May 1, 2024, and a Second Amendment to Option Agreement dated December 19th, 2024 (collectively, the "Option Agreement, as amended"). Buyer has exercised its option to purchase the Property pursuant to the terms of the Option Agreement, and the parties are now entering into this Agreement to reflect the binding terms of the Property purchase and sale.

Agreement. For good and valuable consideration, the mutual receipt of which is hereby acknowledged, and intending to be bound hereby, the parties agree as follows:

1. Purchase and Sale: Seller agrees to sell, and Buyer agrees to buy from Seller, the real estate described as follows (the "Property") being a portion of that property described as 81 Lauredon Avenue, Greensboro, Vermont 05841, consisting of 1.38 acre of land and the building currently used for the Town Offices with property ID 406-0018, as depicted on Attachment A, together with a septic easement and all reasonably necessary maintenance rights with respect to that property retained by the Town being that property commonly known and referred to as the Town Green. This easement is conditioned on the Green being deemed suitable and permitted for septic for the project contemplated herein. If septic is sited at another location then this grant of an easement is null and void.

Purchase Price: The purchase price for the Property is (the "Purchase Price") payable as follows:

- (i) Five Thousand (\$5,000.00) Dollars at the execution of this Agreement (the "Deposit") as a non-refundable deposit except in the event of a default by Seller as provided in Section 14 of this Agreement; and
- (ii) Four Hundred and Ninety-Five Thousand (\$495,000.00) at Closing by immediately available funds, such as a check drawn on the client trust account of Buyer's attorney, which trust account shall contain cleared and available funds. Seller shall not accept wired funds as payment.
- (iii) It is understood that, in addition to the purchase price, that in consideration for the sale of the property by the Grantor, the Grantee shall build no less than 16 and no more than 20 affordable residential units at the property.

2. Closing: The parties will make their best efforts to close within one year from the date of the execution of this agreement (the "Closing"). Closing will be by exchange of documents and funds coordinated by Buyer's counsel with coordination of funding agencies.
3. Transfer Documents: At Closing, Seller shall deliver to Buyer a Vermont Warranty Deed conveying marketable and insurable title to the Property, subject to all existing easements of record and those matters set forth on the Property Survey; any permits of record, including those obtained by Buyer for its proposed development of the Property; and such language, satisfactory to Seller, as will secure performance of the covenants and easements described in this Agreement, including, without intent of limitation, a provision reverting title to the Town in the event at least 16 affordable housing units are not built on the Property.
4. Recording Costs: The Buyer will be responsible for recording costs for the transfer documents.
5. Vermont Property Transfer Tax: Buyer shall pay the Vermont Property Transfer Tax due on account of the purchase of the Property.
6. Vermont Land Gains Tax: Land held for more than six years is not subject to Vermont's Land Gains Tax upon sale of the Property. Seller confirms that it has owned the Property for more than six years.
7. Vermont Nonresident Tax Withholding: Non-resident withholding tax may be due when Property is sold by a party that is not deemed a resident of Vermont. Seller confirms that it is a municipality, and therefore is not subject to non-resident withholding tax on the sale of the Property.
8. Title: Buyer has had the title to the Property examined at its expense, as evidenced by that certain title opinion issued by Gensburg & Greaves, PLLC dated _____, and has satisfied itself as to the status of Seller's title to the Property as of that date. Seller represents and warrant that it has not taken any action since _____, that would render title to the Property unmarketable.
9. Possession: Possession of the Property shall be given to Buyer at Closing. Buyer acknowledges that it is purchasing the Property "AS IS WHERE IS", and except for warranties of title, Seller gives no representations or warranties with respect to the Property.
10. Efforts of Agents: Seller represents that it has not engaged any broker participation in connection with this transaction. Buyer represents that it has not engaged any broker participation in connection with this transaction.
11. Risk of Loss: Seller has maintained property insurance on the Property and agrees to maintain insurance on the Property until the time of transfer.
12. Closing Adjustments: Property taxes only shall be apportioned as of the date of Closing from the beginning of the current taxable periods established by the Town of Greensboro. Seller shall pay all such taxes coming due before the date of Closing, and Buyer shall pay all such taxes coming due after the date of Closing. Buyer acknowledges that the Property is not taxable while

title rests with Seller, but that property taxes will be assessed on the property after it is acquired by Buyer.

13. Default: In the event that Buyer shall fail to complete said purchase as provided herein, or is otherwise in default, the Seller may terminate this Agreement by providing written notice to Buyer and may pursue all legal and equitable remedies provided by law. In the event the Seller shall fail to complete said sale as provided herein, or is otherwise in default, Buyer may terminate this Agreement by providing written notice to Seller and may pursue all legal and equitable remedies provided by law.

14. Contingencies.

- a. Funding Contingencies. Buyer acknowledges and Seller agrees that Buyer's obligations under this Purchase and Sales Agreement are subject to contingencies and conditions imposed by public funding agencies and that acquisition cannot occur until such time as all the conditions have been satisfied. The conditions include the VHCBC (Vermont Housing and Conservation Board) Standard Conditions, VHCBC Standard Conditions for Projects Using ARPA Funds and the HOME Standard Conditions copies of which are attached under **Attachment "B"**. This Purchase and Sale Agreement is contingent upon satisfaction of all pre-closing contingencies and conditions required by these conditions. Buyer shall be solely responsible for ensuring all such conditions are met.
- b. Lease. Seller (Town of Greensboro) shall have the right to execute a lease of a portion of the Property with a minimum term of ten years at a mutually agreed rate equal to the operating costs of the space at the time of initial occupancy (anticipated to be \$1,800/month all inclusive) with a 3% annual adjustment for increased operating expenses. This is based on the space being maintained in its current configuration and with existing finishes. The leased premises shall include the ground level space currently used as the Town of Greensboro Offices. At no time during the term of the lease will there be an interior connection or passage between the Town of Greensboro Offices and the residential spaces. The lease shall include a minimum of six designated parking spaces for use by the Town Offices. This Purchase and Sale Agreement is contingent upon the Buyer and Seller, prior to or at Closing, drafting and executing a mutually agreeable Lease.
- c. Buyer acknowledges and Seller agrees that any leasehold improvements to the town-leased office space shall be at the expense of the Town.
- d. Giving Closet. Buyer agrees to incorporate a space, with a minimum of 400 square feet for the Giving Closet. This space shall be made available to the Giving Closet at no cost for a minimum duration of ten (10) years and shall be automatically renewed for additional ten year terms for so long as the space is used for the traditional purposes of said Giving Closet.

The obligation to provide said space shall cease if its operation as a Giving Closet ceases for a period in excess of three months unless such cessation is by reason of natural disaster or similar catastrophe outside the control of the Town of Greensboro. This Purchase and Sale Agreement is contingent upon the parties, prior to or at closing, reaching agreement on how the incorporation of the Giving Closet area will be implemented, including the drafting and execution of such mutually agreed documents as are necessary to effectuate this provision.

- e. 24 V.S.A. § 1061. Buyer and Seller acknowledge that the sale of this municipal-owned real estate is subject to the requirements of 24 V.S.A. § 1061 and that the Property cannot be conveyed unless the Grantor acquires authority to do so as provided by statute. This Purchase and Sale Agreement is therefore contingent upon the Grantor acquiring authority to convey the Property as provided in § 1061 and applicable law.
- f. Septic (Wastewater) Access. This Purchase and Sale Agreement is contingent on the Seller obtaining sewer (wastewater) access for the Grange Building at no cost to the Seller.

15. Entire Agreement. This Agreement represents the entire agreement between Buyer and Seller with respect to the subject matter covered in this Agreement, and supersedes any prior understandings, agreements, or representations by or between the parties, written or oral, as to such subject matter, including all terms in the Option Agreement.

16. General:

- a. This Agreement shall be construed and interpreted in accordance with the laws of the State of Vermont.
- b. This Agreement may be amended only by an instrument in writing duly executed by the Seller and Buyer.
- c. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns. Neither party may assign this Agreement to any other person or entity without the prior written consent of the other party to this Agreement, provided, however, that Buyer may elect to have title to the Property conveyed to an entity controlled by Buyer.
- d. This Agreement may be executed in any number of counterparts, each counterpart shall constitute an original agreement, and all counterparts taken together shall constitute a single agreement.
- e. This Agreement may be delivered by facsimile copier or electronic transmission.

f. If for any reason, that is not the fault of either party, the housing project contemplated by this Purchase and Sale Agreement cannot go forward as contemplated then this contract shall be deemed null and void.

[Signature page follows]

Signed as of the dates set forth below.

SELLER:

Town of Greensboro, Vermont

Gilman Housing Trust, Inc.
d/b/a RuralEdge

By: Chair
Select Board

By: Patrick Shattuck
Executive Director

Dated: _____

Dated: _____



**Standard VHCB Conditions
for
Tax Credit Rental Housing Projects
(revised 6/20/2023)**

Standard VHCB Conditions

1. Grantee shall provide VHCB with copies of all documents relevant to the amount and conditions of this award. Developer shall obtain commitments for all other funds necessary to complete the project, and demonstrate to the satisfaction of VHCB that the committed funds make the project financially feasible. Any changes in the budget for the project must be reviewed and approved by VHCB prior to closing. VHCB reserves the right to reduce or change the terms of this award if other financing terms change or if Developer receives additional funding for the project that was not included in the budget submitted prior to VHCB Board action, or if total development cost is less than anticipated at the time of VHCB Board action. If the VHCB approved budget for the project shows a primary loan from a bank or other lending institution, VHCB will subordinate its interest in the project to documents securing the primary loan, provided that the primary lender shall execute a subordination and priority agreement approved by VHCB.

If community development funds are being provided to the project, VHCB shall review and approve the terms and conditions of such funding, including reviewing and approving the terms of the CDBG Note and Mortgage, so that repayment, if any, is consistent with the VHCB approved budget for the project and the VHCB Housing Subsidy Covenant. In addition to the foregoing, VHCB approval of the terms and conditions of the CDBG Note shall not be unreasonably withheld or conditioned provided that the amount of loan payments to VHCB is greater than or equal to the CDBG loan payments to the municipality. The VHCB Housing Subsidy Covenant and all VHCB Mortgages (including but not limited to HUD EDI Special Purpose; HOME Program; and Lead Program) shall have priority over any mortgages securing community development or similar public funding for the project.

2a. If VHCB uses tax-exempt bond proceeds for this award, Developer shall use VHCB funds exclusively for the cost of acquisition and other capital expenses approved by VHCB. Prior to disbursement of VHCB funds, Developer shall not acquire title to the property or incur capital expenses for which it will seek reimbursement from VHCB funds, without prior written approval by VHCB.

2b. If VHCB uses taxable bond proceeds for this award, Developer shall use VHCB funds exclusively for eligible expenses approved by VHCB. Prior to disbursement of VHCB funds, Developer shall not acquire title to the property or incur capital expenses for which it will seek reimbursement from VHCB funds, without prior written approval by VHCB.

3. Prior to disbursement, Developer shall demonstrate compliance with the VHCB Policy Position on Lead-Based Paint and Other Toxic and Hazardous Materials regarding environmental assessments, testing for lead-based paint and asbestos, and plans for abatement of identified hazards.

4. Prior to disbursement, Developer shall demonstrate compliance with the VHCB Building Design Standards. If an energy audit or analysis has been undertaken, Developer shall indicate that a contact has been made with the energy consultant after issuance of the report to discuss the implementation of findings and recommendations in the report, and shall inform VHCB staff regarding the result of that conversation.
5. Prior to disbursement, Developer shall demonstrate to VHCB satisfaction that the project as proposed complies with all applicable federal, state and local statutes, codes, ordinances and regulations, including those relating to historic preservation and access by persons with physical disabilities.
6. Developer shall establish a written tenant selection policy in compliance with the VHCB funding requirements and submit a copy to VHCB prior to closing for staff review and approval. At a minimum the written tenant selection policy shall include, but not be limited to the following criteria:
 - Is consistent with VHCB's statutory goals of providing perpetual affordable housing;
 - Is reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
 - Provides for the selection of tenants from a written waiting list, in so far as is practicable; and,
 - Provides for prompt written notification of rejected applicants with grounds for said rejection.
7. Developer's attorney shall submit a preliminary title opinion or title insurance binder and drafts of all legal documents relating to the project for review by VHCB staff counsel. Prior to disbursement, any issues involving the title or legal documents shall be resolved to the satisfaction of VHCB.
8. At closing, Developer shall execute the VHCB Housing Subsidy Covenant. This Covenant shall be recorded in the appropriate Land Records and shall have priority over any mortgages securing community development or similar public funding for the project.

NOTE: If this project receives funding from the HOME Program administered by VHCB, the Housing Subsidy Covenant will also include the HOME Program affordability requirements. To the extent that the HOME requirements are more restrictive than the VHCB requirements, the HOME requirements shall control for the duration of the HOME affordability period.
9. Within thirty (30) days after closing, Developer shall provide a final, updated title opinion or a title insurance policy reflecting the recording and approved priority of the VHCB Housing Subsidy Covenant and other recorded documents relating to the project.
10. Developer shall commence construction at the project within four (4) months of acquisition of the property or six (6) months from the date of this Loan Agreement, whichever is later. VHCB staff may agree to extend this period if Developer has been making reasonable efforts to commence construction in a timely fashion.
11. Within thirty (30) days after substantial completion of construction at the project, Developer shall submit a final development financial report.

12. Any signs erected on the property that list sponsors or funding sources for the project shall include the Vermont Housing and Conservation Board.
13. Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, its General Partner/s and/or their Successors.
14. Refinancing or incurring additional debt on the project shall be prohibited unless authorized by the VHCB Board Chair. In addition, unless Developer obtains the prior written consent of VHCB staff, (a) the property or properties involved in the project funded with this award shall not be cross-collateralized with other property or used as additional collateral for financing involving other property; (b) except as provided in subpart (c), income from the project shall be used exclusively for "Project Costs" as defined in the Housing Subsidy Covenant; and (c) unless all Project Costs have been paid in full, income from the project shall not be used for expenses of other projects or for Developer's organizational expenses.
15. For construction disbursements Developer shall follow VHCB Procurement Guidelines and Disbursement Procedures unless an alternative procurement plan is submitted and approved by VHCB staff.
16. Within six months from the time of substantial completion of construction, the Developer shall develop a Capital Needs Assessment for the buildings in the project. It shall include the following components: a comprehensive assessment of the current physical condition of the buildings in the project; an estimate when various building components are likely to need replacement; a schedule for maintenance and improvement over no less than a ten year period; an estimate of cost to adequately maintain each building's physical condition taking into account inflation over time; and, a projection of potential sources of income to meet maintenance and replacement expenses. The Capital Needs Assessment shall be submitted for the review and approval of VHCB.

The Capital Needs Assessment shall be updated every five years. In addition, a work plan and budget based on that Assessment shall be developed annually for the property.

17. This award may be secured by a Mortgage Deed, if applicable, which will provide that if the owner at any time does not comply with all provisions of the VHCB Loan conditions and/or VHCB Housing Subsidy Covenant, VHCB shall have the right to require immediate repayment of the award along with a percentage of any appreciation in the value of the property. The Mortgage Deed shall be prepared by VHCB staff counsel and the percentage of appreciation will be based on the amount of VHCB funds committed to the project as a percentage of the total projected development cost.

18. Prior to the disbursement of funds, Developer shall provide VHCB staff reasonable justification for the property tax estimate carried in the operating pro forma. Developer shall inform VHCB staff regarding the municipality's appraisal practice with regard to properties subject to Housing Subsidy Covenants. In situations where the municipality has no experience with Housing Subsidy Covenants, VHCB staff may require that the Developer discuss with the municipality a post-construction appraisal value of the housing project which considers the effect of the Housing Subsidy Covenant and/or the use of the tax stabilization agreements which fix property taxes so that they are consistent with the affordability and economic viability of the project.
19. The partnership or limited liability company agrees, both jointly and severally with Developer, to comply with and perform all obligations of Developer in connection with this award.
20. If this award consists of or includes a loan, the partnership or limited liability company shall execute an assumption agreement approved by VHCB and VHCB shall release Developer from any obligation to repay the loan.
21. Developer may convey the project to a limited partnership or limited liability company, provided that:
 - (a) Developer or a subsidiary or affiliate controlled by Developer shall be a general partner in the partnership or a manager member of the limited liability company;
 - (b) the partnership or limited liability company shall enter into development services and financial services agreements with Evernorth, Inc. or another syndicator approved by VHCB, which agreements must be approved by and shall be enforceable by VHCB;
 - (c) the partnership or limited liability company shall execute an Addendum to Loan Agreement pursuant to which the owner agrees, both jointly and severally with Developer, to comply with and perform all obligations of Developer in connection with this award;
 - (d) the partnership or limited liability company shall be subject to the VHCB Housing Subsidy Covenant;
 - (e) if this award includes a loan, the partnership or limited liability company shall execute an assumption agreement approved by VHCB and VHCB shall release Developer from any obligation to repay the loan; and
 - (f) the partnership or limited liability company shall execute a right of refusal and purchase option, the form and content of which must be approved by VHCB, granting to Developer, VHCB and/or any other optionees approved by VHCB, rights/options to purchase the project at the end of the tax credit compliance period.
 - (g) VHCB shall review and approve all documents related to the partnership or limited liability company, including, but not limited to, the Partnership Agreement.

22. Developer shall use every reasonable effort at the end of the tax credit compliance period to either exercise its option to purchase the project or cause the option to be exercised by an entity that is qualified and intends to maintain the project as affordable housing in accordance with the VHCBS Housing Subsidy Covenant. Upon exercise of the option by Developer or another qualified entity, all replacement, operating and any other reserves set aside for use in connection with the project shall be transferred to the entity that exercises the Option and shall be maintained by such entity for the intended purposes.
23. Prior to disbursement, Developer shall provide a plan for VHCBS review and approval detailing (i) how Developer will assemble the funds necessary to purchase the project from the partnership or limited liability company (at the approved option or buyout price); (ii) the effect, if any, on project costs after purchase from the partnership or limited liability company and the Developer's ability to comply with the VHCBS Housing Subsidy Covenant; and (iii) whether project funds (including net cash) or reserves can be made available for this purpose.
24. When more than one limited partnership or limited liability company will own the project, all references above to the project budget or final development financial report shall mean a master budget for the project as a whole, as well as, separate budgets for each limited partnership or limited liability company. Budgets shall include sources and uses of funds, rent charts, operating budget, multi-year cash flow, and any other information required or requested by VHCBS staff.
25. Prior to disbursement, Developer shall provide VHCBS staff with an updated Operating Budget and 20 year cash flow projection. Such budget and projections shall be completed by the property manager and shall reflect the most realistic operating information and performance assumptions available.
26. Throughout the development process, Developer shall notify and consult with VHCBS staff prior to making any major changes to the project including but not limited to project concept and scope, design and amenities, budget, unit breakdown and income targeting.
27. In order to facilitate timely input to design team and maintain VHCBS oversight of project design, partially complete design drawings (60% - 90% complete) shall be forwarded for VHCBS staff input and approval prior to completion of the design phase of the project. A minimum of two full weeks shall be provided to VHCBS staff for this review process. In addition, final 100% design drawings shall also be provided for VHCBS staff review and approval at least 2 weeks prior to going out to bid. **VHCBS staff will make every effort to expedite the review of final drawings but the length of time involved will depend on the degree to which there are major changes from the 60-90% drawings.**
28. Prior to closing, Grantee shall obtain construction bids that demonstrate to the satisfaction of VHCBS that projected construction costs are within the approved budget for the project.
29. If this project receives funding from the Housing for All Revenue Bond, the Developer agrees to submit to VHCBS staff, without demand, a completed HRB Occupancy and Project Status Report as follows: (i) 60 days after project completion; (ii) 1 year after project completion; and, (iii) thereafter, within 30 days after requested by VHCBS. Information and data shall be provided in a form and manner to be determined by VHCBS.

30. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.

Reporting Requirements

The Developer shall submit reports to the Vermont Housing and Conservation Board within one year of the completion of the project and as requested, in subsequent years by the Grantor. The reports shall include the following:

1. A final sources and uses statement for the project;
2. An occupancy report including all the units in the project. The report shall include the following for each unit: the unit number, the gross rent charged for the unit, the household size, the household income and the amount of rental assistance provided, if any, and demographic data on the head of household to include gender, race, ethnicity, and homeless status;
3. An independent financial audit;
4. A Capital Needs Assessment;
5. At least six photographs from 2 or 3 angles and including front view, full frame, from the street and any historical details or accessibility modifications;
6. A complete list of names and addresses of contractors who performed work on the project including appraisers, engineers, surveyors, architects, construction firms, electricians, plumbers, painters and so on.

Additional Reporting Requirements

If this project receives funding from the Housing for All Revenue Bond, the Developer agrees to submit to VHCB staff, without demand, a completed HRB Occupancy and Project Status Report as follows: (i) 60 days after project completion; (ii) 1 year after project completion; (iii), within 30 days after requested by VHCB. Information and data shall be provided in a form and manner to be determined by VHCB.

Vermont Housing & Conservation Board
HOME Standard Conditions
(Revised March 16, 2022)

Standard HOME Conditions

1. This project is subject to the requirements of the HOME regulations as amended on July 24, 2013. The HOME Agreement may be amended, and conditions may be added or changed, as necessary to comply with the regulations and/or HUD guidance.
2. Prior to closing, Developer shall submit a completed HOME rent schedule for VHCB review and approval, to be attached to the grant/loan agreement.
3. Prior to initial disbursement of HOME Program funds, Developer shall obtain written documentation that the plans for the project comply with the Secretary of Interior's Standards for Rehabilitation, 36 CFR Part 67.
4. Project shall comply with the applicable HOME property standards set forth in 24 CFR §92.251, including the lead-based paint requirements, and HOME Program Rehabilitation and/or New Construction Standards, as applicable, available in VHCB's online HOME Handbook. Developer shall maintain the project so that it meets the HOME property standards requirements at 24 CFR 92.251(f).
5. Prior to closing, Developer shall work with the VT Department of Housing & Community Development to complete a HUD Environmental Review. Developer shall forward a draft public notice to VHCB staff for review and approval prior to publication. No project hard costs shall be incurred, nor shall any "choice limiting actions" occur, until HUD has approved the Environmental Review and issued an Authority to Use Grant Funds for HOME, and a copy has been provided to VHCB.
6. Prior to closing, Developer shall submit documentation for VHCB review and approval that the VT Division of Historic Preservation has reviewed and signed off on the project with respect to archaeology.
7. Prior to initial disbursement of HOME Program funds, Developer shall submit a final pre-development project budget and performance schedule for review by VHCB. VHCB reserves the right to reduce or change the terms of this award if other financing terms change or if Developer receives additional funding for the project that was not included in the budget submitted prior to VHCB Board action, or if total development cost is less than anticipated at the time of VHCB Board action. If the VHCB approved budget for the project shows a primary loan from a bank or other lending institution, VHCB will subordinate its interest in the project to documents securing the primary loan, provided that the primary lender shall execute a subordination and priority agreement approved by VHCB.

8. Developer shall utilize a written lease that includes the HOME lease addendum, and provide a copy to VHCB staff for review and approval prior to closing. Developer shall provide written notice to VHCB requesting approval of material changes in the terms of the written lease. Developer shall follow the applicable procedures for increasing rent amounts as established in VHCB's HOME Program Handbook.
9. Developer shall establish a written tenant selection policy in compliance with the HOME Program requirements and submit a copy to VHCB prior to closing. For projects with five or more HOME assisted units, Developer shall also comply with the "Affirmative Marketing Procedures and Requirements" in VHCB's HOME Program Handbook.
10. Developers wishing to target housing and/or services to persons with disabilities must have a tenant selection policy which addresses the following questions:
 - a. Who is the targeted population?
 - b. Does the proposed project meet the standard that it provides qualified individuals with disabilities with housing, aid, benefits, or services that are as effective as those provided to others?
 - c. How will an applicant's eligibility as a member of this population be determined?
 - d. What services will be provided to support the tenants with disabilities and how will these be provided?
11. Developer shall comply with all Uniform Relocation Act requirements in accordance with 24 CFR §92.353 and HUD Handbook 1378, including any outstanding Uniform Relocation Act compliance documentation such as a written relocation plan and budget, copies of URA notices sent to tenants (with delivery confirmation), a copy of the voluntary acquisition letter signed by both buyer and seller, and a URA tracking spreadsheet. If a project will not result in a rent increase, or require permanent or temporary relocation, a GIN or Notice of Non-displacement may be served by posting it in accessible locations and providing a copy to the tenants' representative. For new construction projects and acquisitions of vacant buildings, only the URA voluntary acquisition letter is required.
12. This project shall comply with HOME broadband infrastructure installation requirements at 92.251(a)(2)(vi) for new construction or 92.251(b)(1)(x) for rehabilitation. The rules recognize the requirements may not be feasible for all projects and therefore allow limited exceptions.
13. Prior to closing, in accordance with 92.359, and 24 CFR part 5, subpart L, Developer shall provide documentation to VHCB staff for review and approval that demonstrates compliance with The Violence Against Women Act (VAWA), including the requirements regarding notification to applicants and tenants, bifurcation of leases, and the VAWA lease term/addendum.
14. Developer shall comply with the procurement procedures outlined in the HOME Handbook, including the Minority and Women Owned Business Enterprise marketing requirements and Debarment and Suspension Contractor requirements. In order to verify that contractors are licensed to do business in the State of Vermont, Developer shall search the VT Secretary of

State's Corporation database (<http://www.sec.state.vt.us/seek/corpbrow.htm>) prior to awarding any contracts in connection with this award, and shall print out a copy of the search result to provide to VHCB. Developer shall, upon request, make available to VHCB for review all procurement documentation.

15. Prior to executing any contract to be paid in whole or part by HOME funds, the Developer shall ensure the contractor is not federally debarred, suspended or otherwise ineligible by performing a search on the System for Award Management (SAM) site at sam.gov, and the Developer shall print out a copy of the search result to provide to VHCB. In addition, the Developer must notify VHCB staff of the name of the chosen contractor prior to executing a contract, so that VHCB staff can verify the search result on the SAM site.
16. The Developer shall comply with Section 3 requirements in accordance with 24 CFR 75. Economic opportunities provided in connection with this project shall, to the greatest extent feasible, be provided to low income persons residing within the area in which the project is located and to Section 3 businesses. Section 3 requirements shall be included in bid documents, and "the Section 3 Clause" shall be attached to all contracts executed in connection with this project. In addition, HUD's Section 3 report form shall be submitted to VHCB within 60 days of the final disbursement (see Condition #26).
17. In order to comply with HUD's requirements as outlined in VHCB's HOME Program Construction Inspection Policy, Developer shall work with VHCB staff to investigate whether VHCB can be added to the construction lender's inspection contract. This would allow VHCB to rely on the construction inspections already being performed and avoid unnecessary additional costs.
18. Prior to initial disbursement of HOME Program funds, Developer shall provide VHCB with a written HOME Conflict of Interest Policy in accordance with 24 CFR §92.356(f).
19. Prior to initial disbursement of HOME Program funds, Developer shall demonstrate that its staff has attended a Fair Housing training session within at least the last three years, to ensure the Developer has received adequate education and information for compliance with affirmatively furthering fair housing requirements, including those applicable to the marketing and leasing of HOME-funded housing units.
20. Developer shall utilize HOME Program funds only for eligible activities. HOME Program funds shall be disbursed in accordance with the budget as approved by VHCB.
21. Developer shall use the percentage of completion method to pay for project construction costs and withhold a minimum of 10% of funds from all construction contracts pending completion of the work.
22. Developer shall submit written requests for disbursements of HOME Program funds, along with a statement or schedule allocating the amount requested among the line items shown in the approved budget. Each request shall include copies of requisitions and invoices for the items covered by the request. Disbursements of HOME Program funds for non-construction

costs will only be made for expenses actually incurred within a twenty-four month period prior to the execution of this Agreement. Disbursements of HOME Program funds for construction costs will only be made for completed work in place and will be based on the percentage of completion of the total amount of work covered by the contract, less 10% retainage until completion. (For example: Assume that the total contract amount is \$2,000 and the HOME grant is \$1,000. If the total amount of work covered by the contract is 50% completed on the date of a particular requisition, the maximum amount of HOME Program funds that can be disbursed at that time will be \$500 less \$50 retainage, i.e. \$450.) If Developer has an architect under contract to oversee the project and/or inspect the work in connection with requests for payment received from contractors, an architect's certification shall be submitted to VHCB along with each request for disbursement of HOME Program funds. VHCB reserves the right to require independent inspections of construction work prior to disbursing funds. VHCB also reserves the right to require lien waivers from all contractors, subcontractors and/or suppliers prior to disbursing funds.

23. Prior to disbursement of HOME funds for construction (as outlined in the HOME Handbook), Developer shall submit a fully executed copy of the construction contract and copies of all the required attachments, a HOME Program Bid Selection and Contract Award Summary form, and a copy of the performance and payment bond or letter of credit.
24. Prior to initial disbursement of HOME Program funds, Developer shall provide VHCB copies of the following certifications executed by the Developer: (i) Certification for Contracts, Grants, Loans, and Cooperative Agreements; (ii) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion; and, (iii) Disclosure of Lobbying Activities. If no lobbying has been conducted, this must be written somewhere on the Disclosure of Lobbying form.
25. Prior to final disbursement of HOME funds, Developer shall submit a copy of the State or Town/City's certificate of occupancy and/or a copy of the State or Town/City's final building inspection report. If there are any outstanding issues in the report, Developer shall submit documentation that those issues have been adequately addressed.
26. Within 60 days of the final draw of HOME funds, Developer shall provide a close-out report to VHCB staff which shall include the following:
 - a. final sources and uses development budget;
 - b. number of units with project based rental assistance (and type), and unit numbers;
 - c. utility allowance (for the HOME units) developed with a HUD-approved method, reviewed and approved by VHCB staff;
 - d. a completed HOME rent schedule and HOME Program income verifications (or an acceptable alternative) with 3rd party documentation for the residents of the HOME units;
 - e. a final URA report including total relocation costs broken out by category, number of households temporarily relocated and displaced, and race and ethnicity of households displaced;
 - f. a copy of the Energy Star certificate, if applicable;

- g. number of accessible units;
 - h. a completed Minority Business Enterprise/Women Business Enterprise form that contains information on Contractors and Subcontractors;
 - i. completed Section 3 reporting form;
 - j. digital photographs of the interior and exterior of the completed project;
 - k. number of units dedicated for homeless persons or families; and,
of the units designated for homeless, the number of units for chronically homeless.
27. This award shall be secured by a Mortgage Deed which will provide that if the owner at any time does not comply with all provisions of the VHCB Housing Subsidy Covenant, VHCB shall have the right to require immediate repayment of the award along with a percentage of any appreciation in the value of the property. The Mortgage Deed will be prepared by VHCB project counsel and the percentage of appreciation will be based on the amount of HOME Program funds committed to the project as a percentage of the total projected development cost. To the extent that the HOME award is a loan at the applicable federal rate, the percentage of appreciation requirement shall not apply. The Mortgage Deed shall be recorded in the appropriate Land Records.
28. At closing, Developer shall: (i) execute the VHCB Housing Subsidy Covenant which is of perpetual duration and shall have priority over any mortgages securing community development or similar public funding for the project; and, (ii) record the VHCB Housing Subsidy Covenant in the appropriate Land Records. The VHCB Housing Subsidy Covenant shall contain the HOME Program restrictions for the applicable affordability period.
29. Developer may request that all or a portion of the award be structured as a loan, rather than a grant. If the award includes a loan, VHCB shall determine the repayment terms and the loan shall be evidenced by a non-recourse promissory note and secured by a mortgage deed on the project. The note and mortgage will be prepared by VHCB project counsel. The mortgage shall be subordinate to the VHCB Housing Subsidy Covenant, but shall have priority over any mortgages securing community development or similar public funding for the project.
30. For projects with 10 or more HOME-assisted units, at least annually, developer shall submit complete project financials to VHCB.
31. By signing this agreement, Developer hereby certifies that it is in good standing with respect to all taxes due to the State of Vermont.
32. Prior to closing, for tax credit projects, in order to comply with VHCB's Underwriting Guidelines regarding owner/developer profit evaluation, Developer shall provide documentation from VHFA staff that the tax credit investor's internal rate of return for this project has been reviewed and determined to be reasonable.
33. For CHDO Reserve tax credit projects, the Limited Partnership Agreement and Right of Refusal Agreement must comply with HOME CHDO rules. Prior to closing, Developer shall submit copies of the Agreements to VHCB staff for review and approval.

34. Prior to closing, Developer shall submit a project specific utility allowance developed with one of the following 5 HUD-approved project-specific methodologies: the HUD Utility Schedule Model (HUSM), the HUD Multifamily Housing Utility Analysis, a Utility Company Estimate, a Low Income Housing Tax Credit (LIHTC) Agency Estimate, or an Energy Consumption Model. The project's utility allowance must be updated by the Developer and approved by VHCB on an annual basis. Please see HUD's Guidance on How to Establish Utility Allowances for HOME-Assisted Rental Units.
35. Developer may request that the timeframe for compliance with the terms of the HOME Program Agreement Section IV.D. be extended if the Developer is not able to fully comply with the terms of the HOME Program Agreement within the original timeframe established and the project is still viable. The Developer must notify VHCB in writing of their intent to request an extension from HUD at least sixty days prior to the end of the original timeframe.
36. Developer shall comply with applicable labor requirements as set forth in 24 CFR §92.354. For projects containing 12 or more HOME units, Developer shall also comply with the requirements of the Davis Bacon Act.
37. HOME funds used for projects that are not completed within 4 years of the commitment date, as determined by a signature of each party to the Agreement, shall be repaid. The Secretary of HUD may extend the deadline for 1 year if the Secretary determines that the failure to complete the project is beyond the control of VHCB. Costs for rehabilitation activities must be expended within 18 months from the date of commitment, unless the Developer requests and is granted an extension by VHCB.
38. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years, distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.

REPORTING REQUIREMENTS

1. Developer shall comply with the annual HOME unit rent and income review requirements as set forth in the HOME Handbook.
2. On Request
 - a. Within 15 days of a request from VHCB, the Developer shall demonstrate compliance with any particular term or condition of this agreement.
 - b. Failure to comply with any terms or conditions contained herein may be deemed a breach of agreement and grounds for withholding and/or repayment of funds.
 - c. VHCB may request additional reports as deemed appropriate including, but not limited to, demographic data on the head of household to include gender, race, ethnicity, and homeless status.

**Standard Closing Conditions
for
ARPA-SFR Housing Projects**

(Revised 3/16/2022)

Standard ARPA-SFR Conditions

1. This project is subject to the requirements of section 602 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act (“ARPA Act”). The ARPA Act established the Coronavirus State Fiscal Recovery Fund (“ARPA” fund). The Grant/Loan Agreement may be amended, and conditions may be added or changed, as necessary to comply with amendments to the ARPA Act, the regulations and/or Treasury guidance.
2. Developer agrees to comply with any prevailing wage requirements associated with an ARPA award, as required by the State of Vermont.
3. Developer shall provide VHCB with copies of all documents relevant to the amount and conditions of this award. Developer shall obtain commitments for all other funds necessary to complete the project, and demonstrate to the satisfaction of VHCB that the committed funds make the project financially feasible. Any changes in the budget for the project must be reviewed and approved by VHCB prior to closing. VHCB reserves the right to reduce or change the terms of this award if other financing terms change or if Developer receives additional funding for the project that was not included in the budget submitted prior to VHCB Board action, or if total development cost is less than anticipated at the time of VHCB Board action. If the VHCB approved budget for the project shows a primary loan from a bank or other lending institution, VHCB will subordinate its interest in the project to documents securing the primary loan, provided that the primary lender shall execute a subordination and priority agreement approved by VHCB.

If community development funds are being provided to the project, VHCB shall review and approve the terms and conditions of such funding, including reviewing and approving the terms of the CDBG Note and Mortgage, so that repayment, if any, is consistent with the VHCB approved budget for the project and the VHCB Housing Subsidy Covenant. In addition to the foregoing, VHCB approval of the terms and conditions of the CDBG Note shall not be unreasonably withheld or conditioned provided that the amount of loan payments to VHCB is greater than or equal to the CDBG loan payments to the municipality. The VHCB Housing Subsidy Covenant and all VHCB Mortgages (including but not limited to HUD EDI Special Purpose; HOME Program; NSP; and Lead Program) shall have priority over any mortgages securing community development or similar public funding for the project.

4. If applicable, Developer shall maintain records that demonstrate compliance with the VHCB Policy Position on Lead-Based Paint and Other Toxic and Hazardous Materials by project completion. Documentation shall be made available to VHCB upon request.

5. Prior to disbursement, Developer shall confirm that the project as proposed complies with all applicable federal, state and local statutes, codes, ordinances and regulations, including those relating to environmental assessment, historic preservation (the Secretary of Interior's Standards for Rehabilitation, 36 CFR Part 67, as well as, archaeology), and access by persons with physical disabilities.
6. Prior to disbursement, Developer shall demonstrate compliance with the VHCB Policy on the Conservation of Energy and Water in Residential Properties. If an energy audit or analysis has been undertaken, Developer shall indicate that a contact has been made with the energy consultant after issuance of the report to discuss the implementation of findings and recommendations in the report, and shall inform VHCB staff regarding the result of that conversation.
7. Developer shall establish a written tenant selection policy in compliance with the VHCB funding requirements and submit a copy to VHCB prior to closing for staff review and approval. At a minimum the written tenant selection policy shall include, but not be limited to the following criteria:
 - Is consistent with VHCB's statutory goals of providing perpetual affordable housing;
 - Is reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
 - Provides for the selection of tenants from a written waiting list, in so far as is practicable; and,
 - Provides for prompt written notification of rejected applicants with grounds for said rejection.
8. Developer's attorney shall submit a preliminary title opinion or title insurance binder and drafts of all legal documents relating to the project for review by VHCB counsel. Prior to disbursement, any issues involving the title or legal documents shall be resolved to the satisfaction of VHCB.
9. At closing, Developer shall execute the VHCB Housing Subsidy Covenant. This Covenant shall be recorded in the appropriate Land Records and shall have priority over any mortgages securing community development or similar public funding for the project.

NOTE: If this project receives funding from the HOME Program administered by VHCB, the Housing Subsidy Covenant will also include the HOME Program affordability requirements. To the extent that the HOME requirements are more restrictive than the VHCB requirements, the HOME requirements shall control for the duration of the HOME affordability period.
10. Within thirty (30) days after closing, Developer shall provide a final, updated title opinion or a title insurance policy reflecting the recording and approved priority of the VHCB Housing Subsidy Covenant and other recorded documents relating to the project.
11. Any signs erected on the property that list sponsors or funding sources for the project shall include the Vermont Housing and Conservation Board.

12. Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, and/or its successors.
13. Refinancing or incurring additional debt on the project shall be prohibited unless authorized by the VHCB Board Chair. In addition, unless Developer obtains the prior written consent of VHCB staff, (a) the property or properties involved in the project funded with this award shall not be cross-collateralized with other property or used as additional collateral for financing involving other property; (b) except as provided in subpart (c), income from the project shall be used exclusively for "Project Costs" as defined in the Housing Subsidy Covenant; and (c) unless all Project Costs have been paid in full, income from the project shall not be used for expenses of other projects or for Developer's organizational expenses.
14. Developer shall follow VHCB Procurement Guidelines and Disbursement Procedures unless an alternative procurement plan is submitted and approved by VHCB staff. Developer shall, upon request, make available to VHCB for review all procurement documentation.
15. This award may be secured by a Mortgage Deed, which will provide that if the Developer at any time does not comply with all provisions of the VHCB Grant conditions and/or VHCB Housing Subsidy Covenant, VHCB shall have the right to require immediate repayment of the award along with a percentage of any appreciation in the value of the property. The Mortgage Deed shall be prepared by VHCB counsel.
16. Prior to the disbursement of funds, Developer shall provide VHCB staff reasonable justification for the property tax estimate carried in the operating pro forma. Developer shall inform VHCB staff regarding the municipality's appraisal practice with regard to properties subject to Housing Subsidy Covenants. In situations where the municipality has no experience with Housing Subsidy Covenants, VHCB staff may require that the Developer discuss with the municipality a post-construction appraisal value of the housing project which considers the effect of the Housing Subsidy Covenant and/or the use of the tax stabilization agreements which fix property taxes so that they are consistent with the affordability and economic viability of the project.
17. Prior to disbursement, Developer shall provide VHCB staff with an updated Operating Budget and 20 year cash flow projection. Such budget and projections shall be completed by the property manager and shall reflect the most realistic operating information and performance assumptions available.
18. Throughout the development process, Developer shall notify and consult with VHCB staff prior to making any major changes to the project including but not limited to project concept and scope, design and amenities, budget, unit breakdown and income targeting.

19. In order to facilitate timely input to design team and maintain VHCB oversight of project design, partially complete design drawings (60% - 90% complete) shall be forwarded for VHCB staff input and approval prior to completion of the design phase of the project. A minimum of two full weeks shall be provided to VHCB staff for this review process. In addition, final 100% design drawings shall also be provided for VHCB staff review and approval at least 2 weeks prior to going out to bid. **VHCB staff will make every effort to expedite the review of final drawings but the length of time involved will depend on the degree to which there are major changes from the 60-90% drawings.**
20. Prior to closing, Grantee shall obtain construction bids that demonstrate to the satisfaction of VHCB that projected construction costs are within the approved budget for the project.
21. Developer shall utilize ARPA funds only for eligible activities. ARPA funds shall be disbursed in accordance with the budget as approved by VHCB.
22. VHCB may withhold a minimum of 10% of funds from all construction contracts pending completion of the work.
23. Developer shall submit written requests for disbursements of ARPA funds, along with a statement or schedule allocating the amount requested among the line items shown in the approved budget. Each request shall include copies of requisitions and invoices for the items covered by the request.
24. At the time of the initial disbursement of ARPA funds, Developer shall provide VHCB copies of the following certifications executed by the Developer: (i) Certification for Contracts, Grants, Loans, and Cooperative Agreements; (ii) Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion; and, (iii) Disclosure of Lobbying Activities. If no lobbying has been conducted, this must be written somewhere on the Disclosure of Lobbying form.
25. If applicable, and prior to final disbursement of ARPA funds or upon request by VHCB staff, Developer shall submit a copy of the State or Town/City's certificate of occupancy and/or a copy of the State or Town/City's final building inspection report. If there are any outstanding issues in the report, Developer shall submit documentation that those issues have been adequately addressed.
26. By signing this Agreement, Developer hereby certifies that it is in good standing with respect to all taxes due to the State of Vermont.

***NOTE: IF YOUR PROJECT IS A TAX CREDIT RENTAL HOUSING PROJECT, IN ADDITION TO THE STANDARD CONDITIONS SET FORTH ABOVE, YOU ALSO NEED TO ADDRESS THE FOLLOWING STANDARD CONDITIONS:**

1. The partnership or limited liability company agrees, both jointly and severally with Developer, to comply with and perform all obligations of Developer in connection with this award.
2. If this award consists of or includes a loan, the partnership or limited liability company shall execute an assumption agreement approved by VHCB and VHCB shall release Developer from any obligation to repay the loan.
3. Developer may convey the project to a limited partnership or limited liability company, provided that:
 - (a) Developer or a subsidiary or affiliate controlled by Developer shall be a general partner in the partnership or a manager member of the limited liability company;
 - (b) the partnership or limited liability company shall enter into development services and financial services agreements with Housing Vermont or another syndicator approved by VHCB, which agreements must be approved by and shall be enforceable by VHCB;
 - (c) the partnership or limited liability company shall execute an Addendum to Loan Agreement pursuant to which the owner agrees, both jointly and severally with Developer, to comply with and perform all obligations of Developer in connection with this award;
 - (d) the partnership or limited liability company shall be subject to the VHCB Housing Subsidy Covenant;
 - (e) if this award includes a loan, the partnership or limited liability company shall execute an assumption agreement approved by VHCB and VHCB shall release Developer from any obligation to repay the loan; and
 - (f) the partnership or limited liability company shall execute an option to purchase, the form and content of which must be approved by VHCB, granting to Developer, VHCB and any other optionees approved by VHCB, an option to purchase the project at the end of the tax credit compliance period.
 - (g) VHCB shall review and approve all documents related to the partnership or limited liability company, including, but not limited to, the Partnership Agreement.
4. Developer shall use every reasonable effort at the end of the tax credit compliance period to either exercise its option to purchase the project or cause the option to be exercised by an entity that is qualified and intends to maintain the project as affordable housing in accordance with the VHCB Housing Subsidy Covenant. Upon exercise of the option by Developer or another qualified entity, all replacement, operating and any other reserves set aside for use in connection with the project shall be transferred to the entity that exercises the Option and shall be maintained by such entity for the intended purposes.

5. Prior to disbursement, Developer shall provide a plan for VHCB review and approval detailing (i) how Developer will assemble the funds necessary to purchase the project from the partnership or limited liability company (at the approved option or buyout price); (ii) the effect, if any, on project costs after purchase from the partnership or limited liability company and the Developer's ability to comply with the VHCB Housing Subsidy Covenant; and (iii) whether project funds (including net cash) or reserves can be made available for this purpose.
6. When more than one limited partnership or limited liability company will own the project, all references above to the project budget or final development financial report shall mean a master budget for the project as a whole, as well as, separate budgets for each limited partnership or limited liability company. Budgets shall include sources and uses of funds, rent charts, operating budget, multi-year cash flow, and any other information required or requested by VHCB staff.
7. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.

REPORTING REQUIREMENTS FOR ALL PROJECTS

The Developer shall submit reports to the Vermont Housing and Conservation Board within one year of the completion of the project and as requested, in subsequent years by the Grantor. The reports shall include the following:

1. A final sources and uses statement for the project;
2. An occupancy report including all the units in the project. The report shall include the following for each unit: the unit number, the gross rent charged for the unit, the household size, the household income and the amount of rental assistance provided, if any, and demographic data on the head of household to include gender, race, ethnicity, and homeless status;
3. An independent financial audit;
4. A Capital Needs Assessment;
5. At least six photographs from 2 or 3 angles and including front view, full frame, from the street and any historical details or accessibility modifications;
6. A complete list of names and addresses of contractors who performed work on the project including appraisers, engineers, surveyors, architects, construction firms, electricians, plumbers, painters and so on.