

**Community Development Administration  
Maryland Department of Housing and Community Development**

**Residential Revenue Bonds**

**ANNUAL REPORT PROVIDED PURSUANT TO SECURITIES AND EXCHANGE  
COMMISSION RULE 15c2-12**

The following information is being provided by the Community Development Administration (the "Administration"), a unit of the Division of Development Finance of the Department of Housing and Community Development, a principal department of the State of Maryland (the "Department"). This information updates certain information in the Report dated October 17, 2014 for the Administration's Residential Revenue Bonds, which was filed with the Municipal Securities Regulating Board ("MSRB") through Electronic Municipal Market Access ("EMMA") pursuant to an undertaking of the Administration and applicable provisions of Rule 15c2-12 of the United States Securities and Exchange Commission. Reference is made to the Administration's official statements for its Residential Revenue Bonds published from time to time (the most recent of which is dated September 25, 2014 and relates to the Administration's Residential Revenue Bonds, 2014 Series CDEF), for definition of terms used herein, additional information about the Administration and the Department and their programs and financial information contained therein. The information is current as of June 30, 2015.

The attachments hereto are set forth in appendices, identified by letter, which correspond to the appendices to the official statements.

The financial information and the operating data as of June 30, 2015 provided herein are a voluntary informational update for Residential Revenue Bonds issued under the Administration's Residential Revenue Bond Resolution adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005 (the "Bond Resolution").

The financial statements for the years ended June 30, 2015 and June 30, 2014 of the Residential Revenue Bonds of the Administration have been audited by CohnReznick, LLP, all as described in the Independent Auditor's Report of CohnReznick, LLP, accompanying the financial statements in Appendix H to this report. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles and the audits conducted in accordance with auditing standards generally accepted in the United States.

The Maryland Housing Fund is an insurance fund and a unit of the Department of Housing and Community Development's Division of Credit Assurance. The Maryland Housing Fund insures a portion of the Residential Revenue Bonds mortgage loans made or purchased by the Administration with bond proceeds. The Maryland Housing Fund does not insure the bonds, and the assets of the Maryland Housing Fund are not available to satisfy obligations to holders of the bonds. The obligations of the Maryland Housing Fund are limited to the payment of mortgage insurance claims as described in the Issuer's official statement for the bonds.

The Administration provides quarterly updates to the annual EMMA filing on a voluntary basis. The policy of voluntarily disseminating information is not a contractual obligation to anyone, and the Administration may discontinue this practice at any time in its discretion without notice. Questions concerning this release should be directed to CDA Bonds - Investor Relations at (301) 429-7898, or by email at [cdabonds\\_mailbox.dhcd@maryland.gov](mailto:cdabonds_mailbox.dhcd@maryland.gov).

Attachments

- Appendix B - The Program
- Appendix E - Outstanding Indebtedness of the Administration
- Appendix F - Ten Year Rule Percentages
- Appendix G - Mortgage Insurance and Guarantee Programs (FHA Mortgage Insurance Program, VA Home Loan Guaranty Program, USDA RD Mortgage Guarantee Program, and Private Mortgage Insurance, The MHF Insurance Program)
- Appendix H - Community Development Administration Residential Revenue Bonds - Audited Financial Statements as of June 30, 2015 and June 30, 2014
- Appendix I - Maryland Housing Fund - Audited Financial Statements as of June 30, 2015 and June 30, 2014
- Appendix J - Investments Held in the Residential Revenue Bond Funds
- Appendix K - Residential Revenue Bond Program Loan Portfolio by Bond Series and Interest Rate
- Appendix L - Residential Revenue Bond Program Loan Portfolio by Bonds Series and Loan Type
- Appendix M - Residential Revenue Bond Program Prepayment Speed of Mortgage Loan Portfolio by Bond Issuance

Date: October 28, 2015

## APPENDIX B

### THE PROGRAM

The Administration adopted the Bond Resolution in 1997 pursuant to the Act primarily to finance single family housing loans under the Residential Revenue Bond Program, but reserved the right to finance and also may issue Bonds to finance other kinds of housing and other types of loans permitted to be financed under the Bond Resolution. Prior to the adoption of the Bond Resolution, the Administration funded its single family program primarily through the issuance of bonds under the 1980 General Certificate. The 1980 General Certificate was retired in August of 2010.

On January 12, 2010, the Administration issued \$154,290,000 of Single Family Housing Revenue Bonds (the “NIBP Bonds”) pursuant to the NIBP Bond Resolution, the proceeds of which, (“the NIBP Proceeds”) were originally held in an escrow fund pending release in accordance with the NIBP. All of the NIBP proceeds have been released from the NIBP Escrow Fund. The Administration does not currently anticipate issuing any new series of bonds under the NIBP Bond Resolution, but may do so in the future. NIBP Bonds issued under the NIBP Bond Resolution are not secured by or payable from the loans or assets of the Bond Resolution. The Bonds are not secured or payable from any loans or other assets held under the NIBP Bond Resolution. See the most recent update for the Single Family Housing Revenue Bonds filed with EMMA.

Information provided in this Appendix B is derived from the Administration’s statistics which are compiled from different sources on a weekly, monthly, and quarterly basis and later revised as necessary.

#### **Existing Portfolio and Available Funds Under the Bond Resolution**

*Existing Portfolio.* As of June 30, 2015, the Mortgage Loan portfolio of the Administration under the Bond Resolution consisted of 11,253 Mortgage Loans with an aggregate principal amount outstanding of \$1,275,310,157.

*Participations in Mortgage Loans.* The Administration may finance Mortgage Loans by purchasing participation interests in such Mortgage Loans, which may include Mortgage Loans financed with different Series of Bonds issued under the Bond Resolution. In the event that the Administration finances Mortgage Loans with the proceeds of two or more series of bonds under the Bond Resolution, funds from one or more of the series of bonds may earn interest at the rate of 0%. See “Certain Information Relating to Mortgage Loans” below.

Additionally, pursuant to the Agreement of Participation dated as of October 1, 2011 (the “Participation Agreement”) by and among the Administration, Manufacturers and Traders Trust Company, in its capacity as trustee under the Bond Resolution (the “Trustee”) and Manufacturers and Traders Trust Company, in its capacity as trustee under the NIBP Bond Resolution (the “NIBP Trustee”), the Administration has financed Mortgage Loans through the purchase of participation interests in GNMA Certificates using amounts available under the Bond Resolution combined with amounts available under the NIBP Bond Resolution. Amounts received with respect to such GNMA Certificates are disbursed in accordance with the Participation Agreement.

#### *Status of Available Proceeds.*

As of June 30, 2015, all original proceeds from the Prior Bonds were expended and there were no outstanding reservations and commitments. The Administration has been financing new loans for its single family program primarily through the pooling of loans in exchange for Mortgage-Backed Securities and the sale of such Mortgage-Backed Securities in the capital markets.

*Certain Information on Loan Type.* See Appendix L for certain information on Mortgage Loans by bond series and loan type (including participations in Mortgage Loans). The following table sets forth additional information as of June 30, 2015.

|  | <b>Original<br/>Number of<br/>Loans</b> | <b>Original Principal<br/>Amount</b> | <b>Number of<br/>Outstanding Loans</b> | <b>Outstanding<br/>Principal Balance</b> |
|--|---|--------------------------------------|--|--|
| 30 Year Amortization   | 22,400                                  | \$2,514,447,149                      | 10,511                                 | \$1,130,093,339                          |
| 40 Year Amortization   | 805                                     | 170,916,412                          | 737                                    | 144,202,845                              |
| 30 Year with First 7 Years<br>Interest Only Followed by 23<br>Year Amortization* | 170                                     | 44,366,152                           | -                                      | -  |
| 35 Year with First 5 Years<br>Interest Only Followed by 30<br>Year Amortization* | 2,581                                   | 565,401,450                          | -                                      | -  |
| 40 Year with First 7 Years<br>Interest Only Followed by 33<br>Year Amortization* | 546                                     | 131,407,100                          | 5                                      | 1,013,973                                |
|  | <b>26,502</b>                           | <b>\$3,426,538,263</b>               | <b>11,253</b>                          | <b>\$1,275,310,157</b>                   |

\*Note: As of June 30, 2015 the portfolio held 1,653 loans that were originally interest only, with a current principal balance of \$339,213,315, and are now amortizing and therefore are reflected in the respective 30 Year and 40 Year rtization amounts above.

In general, funds made available from the issuance of Bonds may be used to finance Mortgage Loans. Origination fees (including discount points) for the Mortgage Loans currently range from zero points to three points; in addition, a grant of 2% or 3% may be available. At this time, the Administration would purchase Mortgage Loans that have an original term of 30 years with even monthly payments of principal and interest. Pending application to the purposes of each fund or account, monies held in various funds and accounts under the Bond Resolution will be invested in Investment Obligations.

The Administration may use all or a portion of proceeds available for Mortgage Loans to finance Mortgage Loans on behalf of the Participating Counties (described below) for Single Family Residences located in those counties, where the Participating Counties have requested the Administration to issue their allocable portion of qualified mortgage bonds. The participating counties are the Counties of Allegany, Anne Arundel, Baltimore, Calvert, Caroline, Carroll, Cecil, Charles, Dorchester, Frederick, Garrett, Harford, Howard, Kent, Queen Anne's, St. Mary's, Somerset, Talbot, Washington, Wicomico, Worcester and the City of Baltimore (the "Participating Counties"). If the Participating County does not use some or all of its allocation within any required period, the Administration may reallocate the funds to another Participating County or use the funds to purchase Mortgage Loans that finance the acquisition of Single Family Residences located in other jurisdictions of the State.

## Eligible Mortgage Loans

*General Provisions.* Each Mortgage Loan must comply with the Act and with the following conditions: (1) a deed of trust must be executed and recorded in accordance with the requirements of existing laws; (2) the deed of trust must be the subject of a title insurance policy in an amount at least equal to the outstanding principal amount of the Mortgage Loan, insuring that the deed of trust constitutes a first lien, subject only to permitted liens and encumbrances; (3) unless the Mortgage Loan has a loan-to-value ratio of 80% or less and meets other requirements of the Administration, the Mortgage Loan must be subject to FHA mortgage insurance, a VA or USDA/RD guarantee, or private mortgage insurance, and must be insured, with a uniform standard extended coverage endorsement, as and to the extent required by the Administration to protect its interest against loss or damage by fire, and other hazards, and by flooding if the Single Family Residence is located in an area designated as having specific flood hazards. See Appendix G – “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS” herein.

*Purchase Price Limitations.* The federal tax law and the Act place limits on the maximum purchase price of a residence financed with a Mortgage Loan. The maximum purchase price permitted under the federal tax law may vary from county to county, and currently ranges from \$258,691 for homes in Non-Targeted areas of Washington County to \$525,091 for homes in Targeted Areas of the Washington, D.C. metropolitan statistical area (targeted areas in the counties of Frederick, Montgomery and Prince George’s). In addition, FHA maximum mortgage amounts vary from county to county; range from \$271,050 for Allegany, Caroline, Dorchester, Garrett and Washington Counties, to \$625,500 for the Washington, D.C. metropolitan statistical area, which includes Calvert, Charles, Frederick, Montgomery and Prince George’s. In certain counties, the insurer’s or guarantor’s maximum mortgage amounts may be less or more than the maximum purchase prices permitted under federal tax law. The maximum purchase price of a residence financed by the Administration may not exceed the lesser of either the insurer’s or guarantor’s mortgage limit or the maximum purchase price established by federal tax law. Lower purchase price limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum purchase price limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through Homeownership Initiatives.

*Mortgage Loan Amounts.* The maximum amount of a Mortgage Loan may not exceed the FHA maximum insured mortgage loan amount, the maximum loan amount guaranteed by VA or USDA/RD or insured under private mortgage insurance, as applicable. Under certain circumstances, the mortgage insurer or guarantor may allow financing above the amount of the purchase price of the mortgaged property in order to permit the financing of an up-front mortgage insurance premium, funding fee, guarantee fee, permitted closing costs, and other permitted costs such as rehabilitation and related costs permitted by FHA under the FHA Section 203(k) Rehabilitation Insured Mortgage Program, or by a lender that has an acquisition-rehabilitation program. The Administration may finance such costs as part of the Mortgage Loan. Therefore, a substantial proportion of the Mortgage Loans are expected to have loan-to-value ratios which equal or exceed 100%. The USDA/RD guarantee permits financing of closing costs and guarantee fee above the purchase price, as long as the total loan amount does not exceed the appraised value.

*Borrower Income Limitations.* The federal tax law and the Act place limits on maximum annual income of Borrowers eligible to receive Mortgage Loans. From time to time the Secretary may determine income limits other than those that are generally applicable (subject to the limits imposed by Section 143). In addition, the insurer or guarantor may have maximum income limits that may differ from the limits imposed by federal law or the Act. The maximum income limit permitted under the federal tax law, which is adjusted for household size, may vary from county to county, and currently ranges from \$90,500 for a one or two-person household in non-Targeted Areas in the counties of Talbot, Washington, Wicomico and Worcester to \$152,880 for a three-person or larger household in the Washington, D.C. metropolitan statistical area. The maximum annual household income of Borrowers eligible to receive Mortgage Loans may not exceed the lesser of the maximum income limits permitted under federal tax law or by the mortgage insurer or guarantor. Lower income limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum income limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through Homeownership Initiatives.

*“Smart Growth” Requirements.* Title 5, Subtitle 7B (Priority Funding Areas) of the State Finance and Procurement Article of the Maryland Annotated Code (the “Smart Growth Act”), enacted in 1997, in general requires the Administration to ensure that newly constructed homes financed by Program loans are located in certain “priority funding areas”. The Smart Growth Act requirement does not apply if the loan is financed through bonds issued under a county’s transfer of its allocation to the Administration under Title 13, Subtitle 8 of the Financial Institutions Article. See “Existing Portfolio and Available Funds Under the Bond Resolution.”

*Compliance with Federal Tax Law and Program Requirements.* Under the 1986 Code, the failure by a Borrower to occupy a Single Family Residence financed by a Mortgage Loan for a period of 12 consecutive months may result in the inability of such Borrower to deduct interest payments for income tax purposes with respect to such Mortgage Loan during such period. In addition, under the 1986 Code, Borrowers may be required to pay a recapture tax as a result of the sale or other disposition of the Single Family Residence.

In order to comply with Section 103A and Section 143 and to meet other Program requirements, the Administration will require that each Mortgage Loan meets certain additional requirements, including the following:

(1) each Borrower must certify that the proceeds of the Mortgage Loan will be used only to acquire a Single Family Residence located in the State to be owned and occupied by the Borrower, and, except in certain limited circumstances, will not be used to acquire or replace an existing mortgage or other financing of a residence or any improvements thereto;

(2) each Borrower must certify with respect to the residence to be acquired that the Borrower (a) is presently occupying such residence as the Borrower’s principal residence, or shall occupy such residence as his principal residence in most cases within no more than 60 days after the closing of the Mortgage Loan, (b) intends thereafter to maintain the residence as the Borrower’s sole residence, and (c) will not use all or any portion of the residence in any trade or business activity, except with the prior written permission of the Administration;

(3) subject to certain exceptions, each Borrower must (a) provide to the Mortgage Lender or the Administration such Borrower’s credit report or income tax information filed with the Internal Revenue Service during the preceding three years and (b) certify, and the Administration also examines the credit report or income tax information as evidence, that the Borrower had no present ownership interest in a principal residence of the Borrower at any time during the three-year period ending on the date the Mortgage Loan is originated unless (a) the home to be financed is located in a Targeted Area, as defined below, where such prohibition on prior homeownership is not dictated, or (b) the borrower (or one of the co-borrowers) qualifies for a one-time exemption from these requirements as a veteran; and

(4) each Borrower and seller must certify the amount of the acquisition cost of the mortgaged property, and such acquisition cost may not exceed maximum acquisition costs established by the Administration in conformity with Section 143, FHA or other applicable maximum loan amounts, and Administration policy.

*Targeted Area Set-Aside.* As required by the 1986 Code, certain percentages of proceeds of Bonds may be required to be reserved to finance residences located in Targeted Areas throughout the State for a period of at least one year following the date of delivery of the related series of Bonds. A “Targeted Area,” as defined in Section 143(j) of the 1986 Code, is an area which is either (1) a census tract in which 70% or more of the families have income which is 80% or less of the statewide median family income, or (2) an area of chronic economic distress designated by the State as meeting State standards for such designation and the designation of which has been approved by the United States Secretary of the Treasury and the United States Secretary of Housing and Urban Development.

*Remedies for Non-compliance.* Mortgage Loans will provide that if the Administration discovers that any of the Borrower’s covenants in the deed of trust, including the Borrower’s and the seller’s certifications

concerning eligibility for the loan, is untrue or incomplete, the Administration may require that the Mortgage Loan become immediately due and payable.

Mortgage Loans purchased from Mortgage Lenders are subject to repurchase by such Mortgage Lenders in the event of certain types of non-compliance. See “Mortgage Loans Purchased from Mortgage Lenders – Provisions for Repurchase of Mortgage Loans” below.

In an effort to assure continued compliance with Sections 103A and 143, the Administration includes due-on-sale clauses in the Deeds of Trust for Mortgage Loans, except to the extent FHA, VA, or USDA/RD do not permit such provisions. The Administration will require borrowers to seek the permission of the Administration and the mortgage insurer for any assumption of Mortgage Loans by Borrowers. Under the federal Depository Institutions Act of 1982, due-on-sale clauses, such as those to be contained in the Deeds of Trust with respect to the Mortgage Loans, are generally enforceable, with certain exceptions which may affect the ability of the Administration to enforce such clauses. Although there has been no reported Maryland court decision on the enforceability by the Program of due-on-sale clauses, an Assistant Attorney General of the State, in his capacity as counsel to the Department, rendered an opinion in 1981 that due-on-sale clauses in the context of the Program would be enforceable under Maryland law. However, any such enforcement by equitable remedies, such as foreclosure, would be subject to the exercise of discretion by the courts.

### **Loans Financed from Taxable Bonds**

The Administration has used the proceeds of taxable bonds to purchase Mortgage Loans or participations therein. The Administration also may use taxable bond proceeds to purchase Loans that will refinance loans with an adjustable rate or an increased payment, or loans that otherwise may not be affordable for the borrowers (“Refinance Loans”). The refinancing program currently requires that the borrower meet income limits for tax-exempt loans, and that the appraised value of the residence may not exceed the purchase price limits for the tax-exempt program. The Administration may also finance from taxable bonds (a) Loans that meet the eligibility requirements for the Administration’s tax-exempt loans except for the first-time homebuyer requirement in a non-targeted area or (b) certain other Loans that the Administration may wish to finance.

### **Mortgage Loans Purchased from Mortgage Lenders**

The Administration purchases Mortgage Loans from qualified Mortgage Lenders. The Mortgage Lenders accept applications from potential Borrowers, screen them for eligibility, reserve funds with the Administration, obtain the required mortgage insurance commitment, obtain pre-closing compliance approval from the Administration, settle the Mortgage Loans with the Borrowers, and submit the Mortgage Loans to the Administration for purchase.

The Department’s Division of Development Finance (the “Division”) performs the initial screening of Mortgage Loans for eligibility under the criteria set forth above, unless a Mortgage Lender meets certain requirements to exempt the Mortgage Lender’s loans from an initial screening. See “Eligible Mortgage Loans” herein. After a Mortgage Lender obtains a reservation for a potential Borrower, the Mortgage Lender submits the potential Mortgage Loan to the Division. The Division reviews the potential Mortgage Loan for eligibility under the criteria set forth above.

The Administration purchases Mortgage Loans at a price equal to the outstanding principal balance thereof. Except as permitted otherwise by the Administration, the Mortgage Lender may collect origination fees (“points”) which include any fee paid to the Administration. Under the three-point program, the Mortgage Lenders pay the Administration a fee ranging between one percent and three percent, depending on when the purchase file is approved. Under the two-point program, the Mortgage Lenders pay the Administration a fee ranging between zero percent and two percent, depending on when the purchase file is approved. The Mortgage Lender thus receives a zero to two percent origination fee depending on when the purchase file is approved. Such fees paid to the Administration are not revenues under the Bond Resolution. Under the one-point program, the Mortgage Lender receives a one-point origination fee and the Administration pays the Mortgage Lender a fee of up to one percent, depending on when the purchase file is approved. Under the zero-

point program, the Administration pays the Mortgage Lender a fee ranging between zero percent and two percent, depending on when the purchase file is approved.

*Eligibility of Mortgage Lenders.* Each Mortgage Lender must be (1) a “mortgage lender” within the meaning of the Act, (2) an approved seller of mortgage loans to Freddie Mac or Fannie Mae or who otherwise meets origination and other requirements of the Administration, and (3) in compliance with all other applicable State and federal laws, rules and regulations governing the business of the Mortgage Lender and the making of loans for residential housing. Each Mortgage Lender must enter into a Purchase Agreement with the Administration. The Administration may permit, upon its written approval, assignment of a Purchase Agreement to another Mortgage Lender that meets the preceding criteria.

*Representations of Mortgage Lenders.* Each Purchase Agreement sets forth or will set forth certain representations and warranties by the Mortgage Lender to the Administration concerning the Mortgage Loans sold to the Administration, including, among others, that at the time of delivery of such Mortgage Loan to the Administration (1) there is no default or delinquency under the terms of the Mortgage Loan, and no payments are more than 20 days past due under the Mortgage Loan (except for certain refinancing loans insured through a set aside of the MHF Unallocated Reserve); (2) the Mortgage Loan has never been more than 45 days in arrears (except for certain refinancing loans insured through a set aside of the MHF Unallocated Reserve); (3) all documents required to be filed to perfect the lien on the mortgaged property against third parties have been filed; (4) the deed of trust for such mortgaged property is the subject of a title insurance policy by an insurer acceptable to the Administration in an amount at least equal to the original principal amount of the Mortgage Loan, insuring that the deed of trust constitutes a first lien (except as otherwise permitted by the Administration for Mortgage Loans which may be financed under future bond series), subject only to permitted liens and encumbrances; (5) the term of the Mortgage Loan does not exceed any limits set forth in the Purchase Agreement; (6) the Mortgage Loan meets all applicable State and federal laws, codes and regulations; (7) if the Mortgage Loan was made to finance the purchase of a newly constructed residence, the builder has warranted all materials, workmanship and mechanicals under a homeowners warranty acceptable to the mortgage insurer or credit enhancer; (8) the improvements constituting part of the property are covered by hazard insurance as required by the Administration; and (9) each Mortgage Loan with a loan-to-value ratio greater than eighty percent is subject to mortgage insurance from FHA, a mortgage guarantee from VA or USDA/RD, the Maryland Housing Fund or private mortgage insurance acceptable to the Administration. In addition, under the Act, each Mortgage Lender must certify that the Borrower does not have assets exceeding twenty percent of the purchase price, in order to assure that the Borrower could not obtain a mortgage loan to purchase property in the unassisted private lending market.

*Special Mortgage Purchase Agreements.* The Administration may enter into alternate mortgage purchase agreements with certain Mortgage Lenders that are not Fannie Mae or Freddie Mac approved sellers of mortgage loans, provided that the Mortgage Lenders meet origination and other requirements of the Administration, which include experience in residential mortgage lending and in working with governmental or private mortgage insurance programs approved for Mortgage Loans.

*Provisions for Repurchase of Mortgage Loans.* Each Purchase Agreement provides or will provide that the Mortgage Lender will repurchase any Mortgage Loan sold to the Administration, upon written notice by the Administration, if at any time (1) the Administration determines that any representation was untrue or incomplete when made or a misstatement of a material fact exists in any of the documents delivered in connection with such Mortgage Loan; (2) there is a failure to deliver required Mortgage Loan documents; (3) any mortgage insurance with respect to such Mortgage Loan lapses because of the negligence of the Mortgage Lender with respect to the servicing of such Mortgage Loan; (4) the Administration suffers or is threatened with a material loss by reason of the misfeasance, nonfeasance or malfeasance of the Mortgage Lender or its agent acting as servicer of such Mortgage Loan; (5) any payment of principal and interest is not made on the Mortgage Loan or the initial premium for any mortgage insurance is not paid and, on the basis of such non-payment, the issuer of mortgage insurance refuses to pay a claim on such Mortgage Loan; and (6) the Mortgage Lender, without prior written consent of the Administration, waives the enforcement of (or consents on behalf of the Administration to waive) the particular provisions of the Mortgage Loan requiring that (a) the Mortgage Loan is due on sale and may not be assumed except to the extent that the Mortgage Loan so provides; (b) at the time the Mortgage Loan is made, the Borrower shall not borrow additional amounts

secured by the lien of the deed of trust without the consent of the Administration; and (c) an event of default permitting acceleration of the indebtedness shall occur if the Administration determines that any representation or statement of a material fact in any document executed in connection with the Borrower's application or the origination of such Mortgage Loan was or is untrue or incomplete.

If a Mortgage Lender refuses to repurchase a Mortgage Loan, then the Administration may seek enforcement through legal proceedings which are subject to bankruptcy, insolvency and other laws affecting creditors' rights generally and to the exercise of judicial discretion in accordance with general principles of equity. Such legal proceedings may result in a delay of the repurchase. The ability of a Mortgage Lender to repurchase a Mortgage Loan will depend upon the financial condition of the Mortgage Lender at the time of the required repurchase. Twenty-one repurchase demands remain outstanding as of June 30, 2015.

### **Mortgage-Backed Securities; Sale of Mortgage-Backed Securities and Whole Loans**

Effective as of February 1, 2011, newly originated Mortgage Loans insured by FHA or guaranteed by VA, RHS or private mortgage insurers generally have been purchased and securitized into mortgage-backed securities guaranteed by GNMA or FNMA (the "Mortgage-Backed Securities"). U.S. Bank, National Association, a GNMA and FNMA approved master servicer, purchases, securitizes and services such Mortgage Loans pursuant to a Servicing Agreement between the Administration and U.S. Bank National Association. No assurance can be provided, however, that the Administration will continue to cause such Mortgage Loans to be securitized into Mortgage-Backed Securities.

Given the recent interest rate environment for tax-exempt bonds, the Administration has financed a substantial portion of its recent mortgage loan production through the sale of Mortgage-Backed Securities or whole loans to third parties rather than through the issuance of bonds and it is expected that such sales will continue to provide the primary source of financing such production in the near term.

### **Homeownership Initiatives and Developer Reservations**

*Homeownership Initiatives.* From time to time, the Administration may set aside a portion of proceeds of the Bonds for special initiatives that promote targeted homeownership objectives. For these special initiatives, the Administration may adjust interest rates, income limits and other eligibility criteria, within the requirements of the 1986 Code or the 1954 Code, as applicable, the requirements of the credit enhancer, and the Act.

*Developer Reservations.* The Administration may agree to provide financing for Mortgage Loans to eligible purchasers of Single Family Residences in certain "community development projects" (the "Single Family Projects") pursuant to commitments to developers. The Administration requires the developer to submit an application acceptable to the Administration. Upon a determination by the Secretary of project eligibility under the Act, the Administration issues a commitment to a developer for a specified time period to finance Mortgage Loans to eligible purchasers with respect to the Single Family Project. A commitment reserves financing for prospective purchasers who qualify and are eligible under the Program and also sets forth maximum sales prices on units to be financed by the Administration and covenants and warranties to be made by the developer. The Administration may allow developers of Single Family Projects to make a deposit in an escrow account which will be applied to reduce the monthly payments due on Mortgage Loans made on residences in the Single Family Projects for up to four years after closing.

After a developer has sold a Single Family Residence and entered into a sales contract, the developer or a representative of the developer forwards the completed loan application to the Administration, if the Administration is expected to make the Mortgage Loan, or to a Mortgage Lender, if the Administration is expected to purchase the Mortgage Loan.

For developers who arrange for Mortgage Loan financing of individual Mortgage Loans through approved Mortgage Lenders, the Administration will purchase Mortgage Loans for Single Family Residences

either in accordance with a Purchase Commitment or pursuant to a reservation initiated by the Mortgage Lender on behalf of the borrower.

### **Mortgage Loans Made by the Administration**

The Administration may originate loans eligible for insurance through the Maryland Housing Fund, with Maryland Housing Fund approval, and may also originate uninsured loans that have acceptable secondary financing from the Department, a governmental agency or a non-profit, under circumstances authorized by the Act. The Administration will not originate FHA, VA, USDA/RD or privately insured loans unless it becomes an FHA, VA or USDA/RD lender or a lender authorized by a private mortgage issuer.

Mortgage Loans originated by the Administration that are found to be ineligible under Section 103A or Section 143 are not subject to repurchase by any Mortgage Lender. In order to preserve the exclusion from gross income for federal income tax purposes of the interest payable on the bonds, the loans may be sold out of the Bond Resolution portfolio or the Administration may declare such Mortgage Loans in default and commence foreclosure proceedings or take other appropriate measures. Foreclosure is an equitable remedy subject to various defenses and judicial discretion.

### **Servicing of Mortgage Loans**

*Whole Loan Servicer Agreement.* As of June 30, 2015, approximately 50% of all Mortgage Loans are serviced by Bogman, Inc. and 50% of the Mortgage Loans are serviced by M & T Bank (together referred to herein as the “Whole Loan Servicers”).

The agreements with the Whole Loan Servicers (the “Whole Loan Servicer Agreements”) require the Whole Loan Servicers to perform all duties and acts incident to the servicing of Mortgage Loans covered thereby that a reasonable, prudent mortgagee would perform with respect to mortgage loans owned by it. The Whole Loan Servicers are responsible for the collection of all payments from Borrowers and must render an accounting monthly to the Administration of all sums collected and disbursed under the Whole Loan Servicer Agreements. The Whole Loan Servicers are required to remit to the Trustee all Mortgage Repayments, Prepayments and curtailments it receives with respect to Mortgage Loans serviced under the Whole Loan Servicer Agreements. In addition, the Whole Loan Servicer Agreements require the Whole Loan Servicers to have in effect (and maintain during the term of the related Whole Loan Servicer Agreement), at no cost to the Administration, a fidelity bond and policies of insurance providing fire and extended coverage and errors and omissions coverage, all in amounts and with coverage satisfactory to the Administration, for mortgagee errors and omissions and insuring against loss arising from dishonest, criminal or fraudulent acts, and errors and omissions of the officers and employees of the respective Whole Loan Servicer.

If any default occurs on a Mortgage Loan covered by the Whole Loan Servicer Agreements, the Whole Loan Servicers must take all actions necessary and proper to enforce all applicable contractual provisions of the defaulted Mortgage Loan, including, at the direction of the Administration, the institution of foreclosure proceedings. The Administration will bear all foreclosure and related expenses, to the extent not reimbursable by the applicable mortgage insurance or collected from the Borrower. The failure of a Whole Loan Servicer to send notice properly and report to the Administration or the insurer of a Mortgage Loan as to the status of a delinquent Mortgage Loan may result in a Whole Loan Servicer being required to compensate the Administration.

The Whole Loan Servicers are required to comply with detailed requirements set forth in the Department’s servicing manual.

*Asset Management.* Asset management for Mortgage Loans is provided to the Administration by the Single Family Operations section of the Division of Credit Assurance (“Asset Management”).

With respect to the Mortgage Loans, Asset Management:

- (1) monitors the servicing performance of the Whole Loan Servicers for compliance with the requirements of the Whole Loan Servicer Agreements and the Department's servicing manual by requiring from the Whole Loan Servicers:
  - (a) monthly Mortgage Loan delinquency reports;
  - (b) annual audited financial statements; and
  - (c) an annual certification that the respective Whole Loan Servicer is complying with the Servicer Agreement and the Department's servicing manual;
- (2) directs and reviews respective Whole Loan Servicer's handling of Mortgage Loan delinquencies;
- (3) directs and evaluates respective Whole Loan Servicer's actions in connection with foreclosure proceedings; and
- (4) analyzes delinquencies and foreclosures and creates and implements corrective action plans.

The Division of Credit Assurance contracts with two different private sector realty companies which provide REO management and disposition services for properties in the REO portfolio. Asset Management staff monitors these services.

*Servicemembers Civil Relief Act.* It is possible that one or more of the Mortgage Loans could be affected by the Servicemember Civil Relief Act, amended (formerly, the Soldiers' and Sailors' Civil Relief Act of 1940), which applies to persons called to active duty in the armed forces. The act applies only if the servicemember was not in the military when the loan was made. The act creates a rebuttable presumption that any persons called to active duty will experience a "material impairment of their ability to pay their debts". As a result, the outstanding debts of a person called to active duty may be reduced to bear interest at an annual rate of 6% for the period of military service. The act also provides that foreclosure on such debt will not be permitted for a period up to nine (9) months after the end of active duty. Unless renewed, the nine (9) month period will revert to a ninety (90) day period after December 31, 2012. A mortgagee, such as the Administration, may apply to any federal or State court to override the presumption and preclude its effects on a debt, such as a Mortgage Loan.

### **Loan Modifications**

In the case of delinquencies of Mortgage Loans insured or guaranteed by FHA, VA or Rural Development or by any private insurance companies, the Administration modifies the terms of such Mortgage Loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the Mortgage Loans, and, in the case of FHA insured mortgage loans, the payment by FHA of partial insurance claims.

Since October 23, 2009, FHA has required lenders holding FHA insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. The Administration has received a letter from FHA waiving such requirements; however, no assurance can be given as to whether FHA will continue such waiver or, if not, continued, what the impact will be on the Bonds as a result of any such modifications of the Administration's FHA insured mortgage loans.

On March 4, 2009, the U.S. Department of the Treasury announced guidelines to enable mortgage loan servicers to begin modifications of eligible mortgage loans under the Homeowner Affordability and Stability Plan, (the "Plan"). The Administration is not participating in the Making Home Affordable Program, which is part of the Plan, and is not modifying the Administration's Mortgage Loans through the Home Affordable Modification Program, which is also part of the Plan. No assurance can be given whether the

Administration will commence the modification of the Administration's Mortgage Loans pursuant to such guidelines or the Plan.

### **Estimated Revenues of Program**

Under Section 143 of the Code, the yield of the Mortgage Loans or participations therein allocable to each Series of federally tax-exempt Bonds issued under the Bond Resolution (other than with any contributions by the Administration) may not exceed the yield of such Series of Bonds by more than 1-1/8 percentage points. All Revenues derived from such Mortgage Loans are available for payment of the Bonds. However, except as otherwise permitted under the 1986 Code, an amount equal to the portion of Revenues derived from investments in Investment Obligations made in connection with such Series of Bonds (other than with contributions by the Administration) that exceeds a yield equal to the yield of such Series of Bonds (calculated in accordance with Section 143 of the Code, whichever is applicable) or represents gains made on such investments must be paid to the United States. Such restrictions limit the amounts available to pay the principal of and interest on the Bonds. The Administration estimates that, in each year in which the bonds are scheduled to be outstanding, there will be sufficient moneys available under the Bond Resolution to pay the principal of and interest on the Bonds, after payment of (1) fees and expenses of the fiduciaries and (2) the estimated costs of servicing the Mortgage Loans and other Program expenses.

### **Certain Information Relating to Mortgage Loans**

Certain information relating to the Mortgage Loans (including participations in Mortgage Loans) made or purchased with proceeds of prior Series of Bonds as of June 30, 2015 is set forth in Appendix K.

The following table sets forth as of June 30, 2015, the number, outstanding principal balance and percentage of the total outstanding balance of the Mortgage Loans which have been financed in each of the political subdivisions of the State:

**RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY COUNTY**  
as of June 30, 2015

| <u>County</u>          | <u>Current Number of<br/>Mortgage Loans<sup>(1)</sup></u> | <u>Current Outstanding<br/>Principal<sup>(1)</sup></u> | <u>Percent of Current<br/>Total Outstanding<br/>Principal<sup>(1)</sup></u> |
|------------------------|---|--|---|
| Allegany County        | 260   | \$14,860,026   | 1.17%   |
| Anne Arundel County    | 496   | \$81,065,810   | 6.36%   |
| Baltimore City         | 4,508   | \$354,046,071  | 27.76%  |
| Baltimore County       | 1,927   | \$229,162,008  | 17.97%  |
| Calvert County         | 74  | \$14,844,564   | 1.16%   |
| Caroline County        | 87  | \$8,093,822  | 0.63%   |
| Carroll County         | 101   | \$19,485,163   | 1.53%   |
| Cecil County           | 83  | \$9,525,935  | 0.75%   |
| Charles County         | 209   | \$42,768,686   | 3.35%   |
| Dorchester County      | 74  | \$6,103,978  | 0.48%   |
| Frederick County       | 254   | \$45,298,775   | 3.55%   |
| Garrett County         | 15  | \$931,119  | 0.07%   |
| Harford County         | 583   | \$80,380,716   | 6.30%   |
| Howard County          | 158   | \$26,968,181   | 2.11%   |
| Kent County            | 25  | \$2,428,688  | 0.19%   |
| Montgomery County      | 181   | \$34,749,666   | 2.72%   |
| Prince George's County | 1,123   | \$189,346,392  | 14.85%  |
| Queen Anne's County    | 30  | \$5,363,967  | 0.42%   |
| Saint Mary's County    | 88  | \$13,826,030   | 1.08%   |
| Somerset County        | 62  | \$5,225,783  | 0.41%   |
| Talbot County          | 47  | \$4,516,420  | 0.35%   |
| Washington County      | 442   | \$45,105,337   | 3.54%   |
| Wicomico County        | 365   | \$36,435,616   | 2.86%   |
| Worcester County       | 61  | \$4,777,405  | 0.37%   |
|                        | <u>11,253</u>   | <u>\$1,275,310,157</u>                                 | <u>100.00%</u>  |

**Note:**

(1) Individual amounts may not add up to the total amount because of rounding.

As of June 30, 2015 the Mortgage Loans (including participations in Mortgage Loans) made or purchased by the Administration with proceeds of prior Series of Bonds were originally covered by primary mortgage insurance or guarantees as of the date of the origination thereof as follows:

| <b>Primary Mortgage Insurer or Guarantor</b>                              | <b>Current Number of Mortgage Loans<sup>(1)</sup></b> | <b>Current Outstanding Principal<sup>(1)</sup></b> | <b>Percent of Current Total Outstanding Principal<sup>(1)</sup></b> |
|---|---|--|---|
| <b>FHA</b>  | <b>5,362</b>  | <b>\$485,069,312</b>                               | <b>38.04%</b>   |
| <b>VA</b>   | <b>229</b>  | <b>22,503,100</b>                                  | <b>1.76%</b>  |
| <b>RHS</b>  | <b>202</b>  | <b>26,034,076</b>                                  | <b>2.04%</b>  |
| <b>All Privately Insured<sup>(2)</sup></b>                                | <b>3,276</b>  | <b>609,623,503</b>                                 | <b>47.80%</b>   |
| Mortgage Guaranty Insurance Corporation                                   | 1,568   | 304,934,978  | 50.02% <sup>(3)</sup>   |
| Republic Mortgage Insurance Company                                       | 561   | 102,836,366  | 16.87% <sup>(3)</sup>   |
| United Guaranty Residential Insurance Company                             | 775   | 133,726,581  | 21.94% <sup>(3)</sup>   |
| PMI Mortgage Insurance Company  | 150   | 25,826,050   | 4.24% <sup>(3)</sup>  |
| Genworth Financial  | 113   | 22,580,655   | 3.70% <sup>(3)</sup>  |
| Triad Guaranty Insurance Corporation                                      | 42  | 6,908,630  | 1.13% <sup>(3)</sup>  |
| Radian Guaranty, Incorporated   | 67  | 12,810,243   | 2.10% <sup>(3)</sup>  |
| <b>MHF</b>  | <b>1,755</b>  | <b>98,052,344</b>                                  | <b>7.69%</b>  |
| <b>Uninsured Paid Down (current loan to value ratio of less than 80%)</b> | <b>166</b>  | <b>3,423,799</b>                                   | <b>0.27%</b>  |
| <b>Uninsured (original loan to value ratio of more than 80%)</b>          | <b>5</b>  | <b>962,115</b>                                     | <b>0.08%</b>  |
| <b>Uninsured (original loan to value ratio of less than 80%)</b>          | <b>258</b>  | <b>29,641,909</b>                                  | <b>2.32%</b>  |
|   | <b>11,253</b>   | <b>\$1,275,310,157</b>                             | <b>100.00%</b>  |

**Notes:**

- (1) Individual amounts may not add up to the total amount because of rounding.
- (2) Currently, coverage of 35% is required of private mortgage insurance policies; the Administration is not currently financing Mortgage Loans that are insured by private mortgage insurance companies but may do so in the future. According to their respective websites, due to financial conditions, PMI Mortgage Insurance Company, Republic Mortgage Insurance Company and Triad Guaranty Insurance Corporation are each currently acting under supervision of their respective regulators and as a result are paying only a percentage of any claim allowed under an applicable insurance policy. The Administration makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payments to the Administration on Mortgage Loans on which losses are incurred and has no obligation to provide continuing disclosure with respect thereto.
- (3) This percentage represents the portion of the private insurer as a percentage for the total of all privately insured.

*Information Relating Liquidity Providers for Variable Rate Bonds:*

The series of variable rate bonds currently outstanding and information relating to liquidity facilities in place with the Administration's Residential Revenue Bonds with respect to such bonds outstanding as of July 1, 2015 are as follows:

| <b>Maryland Community Development Administration</b> |                                 |   |                                    |                     |                                     |  |              |
|--|---------------------------------|---|------------------------------------|---------------------|-------------------------------------|--|--------------|
| <b>Liquidity Facilities in place as of</b>           |                                 |   |                                    | <b>July 1, 2015</b> |                                     |  |              |
| <u>Bond Issue</u>                                    | <u>Date of Initial Issuance</u> | <u>Outstanding Principal As of July 1, 2015</u> | <u>Liquidity Facility Provider</u> | <u>Notes</u>        | <u>Liquidity Facility Exp. Date</u> | <u>Liquidity Facility Credit Ratings (4)</u> |              |
|  |                                 |   |                                    |                     |                                     | <u>Moody's</u>                               | <u>Fitch</u> |
| 2006 Series G  | 5/24/2006                       | 40,000,000                                      | State Street                       | (3)                 | 11/14/2017                          | A1/P-1                                       | A-/F1+       |
| 2006 Series J  | 7/13/2006                       | 60,000,000                                      | State Street                       | (3)                 | 11/14/2017                          | A1/P-1                                       | A-/F1+       |
| 2007 Series F  | 6/20/2007                       | 25,445,000                                      | PNC Bank                           | (1)                 | 7/1/2017                            | A2/P-1                                       | A+/F1        |
| 2007 Series J  | 8/9/2007                        | 32,800,000                                      | TD Bank                            | (2)                 | 7/26/2020                           | A1/P-1                                       | AA-/F1+      |
| 2007 Series M  | 12/12/2007                      | 29,050,000                                      | TD Bank                            | (2)                 | 7/26/2020                           | A1/P-1                                       | AA-/F1+      |
| 2008 Series D  | 9/4/2008                        | 49,890,000                                      | PNC Bank                           | (1)                 | 7/1/2017                            | A2/P-1                                       | A+/F1        |
| 2012 Series B  | 8/23/2012                       | 45,000,000                                      | TD Bank                            | (2)                 | 8/20/2018                           | Aa2/P-1                                      | AA-/F1+      |
| 2014 Series F  | 9/25/2014                       | 25,000,000                                      | State Street                       | (3)                 | 11/14/2017                          | A1/P-1                                       | A-/F1+       |

(1) PNC Bank, National Association  
(2) TD Bank, N.A.  
(3) State Street Bank and Trust Company  
(4) Ratings as of July 1, 2015

Based on reports to the Administration from the Whole Loan Servicers and based on reports to the National Delinquency Survey prepared by the Economic and Research Department of the Mortgage Bankers Association of America, the following tables set forth information about delinquencies and foreclosures of mortgage loans, reported by certain mortgage servicers.

|   | National Delinquency Survey<br>(defined as a percentage) |   |  | Residential<br>Revenue Bond<br>Program <sup>(1)(2)(4)</sup> |
|---|--|---|--|---|
|   | U.S.A.<br>All Types<br><u>6/30/2015</u>                  | Maryland<br>All Types<br><u>6/30/2015</u> | Maryland<br>FHA <sup>(3)</sup><br><u>6/30/2015</u> | Program<br><u>6/30/2015</u>                                 |
| 30 days delinquent                                | 2.52%  | 2.76%                                     | 5.01%  | 8.76%   |
| 60 days delinquent                                | 0.88%  | 1.01%                                     | 1.82%  | 2.70%   |
| 90 days+ delinquent                               | 1.86%  | 2.40%                                     | 4.00%  | 5.25%   |
| In foreclosure                                    | 2.09%  | 2.77%                                     | 3.10%  | 2.41%   |
| Placed in foreclosure during<br>last three months | 0.40%  | 0.62%                                     | 0.71%  | 1.25%   |

Mortgages Sixty Days or More Delinquent or in Foreclosure

| Quarter Ended | U.S.A.           | Maryland         | Maryland                  | Program <sup>(1)(2)</sup> |
|---------------|------------------|------------------|---------------------------|---------------------------|
|               | <u>All Types</u> | <u>All Types</u> | <u>FHA <sup>(3)</sup></u> | <u>6/30/2015</u>          |
| 6/30/2011     | 9.15%            | 9.59%            | 10.77%                    | 9.64%                     |
| 6/30/2012     | 8.51%            | 9.97%            | 10.84%                    | 12.48%                    |
| 6/30/2013     | 6.97%            | 9.01%            | 12.53%                    | 12.78%                    |
| 6/30/2014     | 5.76%            | 7.44%            | 10.35%                    | 13.10%                    |
| 6/30/2015     | 4.83%            | 6.18%            | 8.92%                     | 10.36%                    |

**Notes:**

- (1) The delinquency statistics in the tables above include all whole loans financed entirely from the Bond Resolution.
- (2) The Program purchased the first Mortgage Loan on October 29, 1997.
- (3) Includes all types of FHA mortgage loans.
- (4) Program delinquency rates do not include mortgage loans residing in Collateral Reserves (C) or the Administration's refinanced (Lifeline/Homesaver) loans.

**APPENDIX E**

**OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION**

**Outstanding Residential Revenue Bonds**

The following table sets forth certain information relating to Bonds issued by the Administration under the Bond Resolution outstanding as of July 1, 2015.

|                                       | <u>Effective<br/>Bond Yield</u> | <u>Year<br/>of Issue</u> | <u>Final<br/>Maturity</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|---------------------------------------|---------------------------------|--------------------------|---------------------------|--------------------------|-------------------------------|
| Residential Revenue Bonds             |                                 |                          |                           |                          |                               |
| 2006 Series A .....                   | 3.983190%                       | 2006                     | 9/1/2017                  | \$ 12,020,000            | \$ 4,065,000 (1)              |
| 2006 Series B .....                   | 4.984790%                       | 2006                     | 9/1/2037                  | 47,980,000               | 30,430,000 (1)                |
| 2006 Series E .....                   | 4.199900%                       | 2006                     | 9/1/2017                  | 23,540,000               | 8,020,000 (1)                 |
| 2006 Series G .....                   | (2)                             | 2006                     | 9/1/2040                  | 40,000,000               | 40,000,000 (1)                |
| 2006 Series H .....                   | 4.102933%                       | 2006                     | 9/1/2017                  | 17,670,000               | 6,055,000 (1)                 |
| 2006 Series I .....                   | 5.204300%                       | 2006                     | 3/1/2041                  | 142,330,000              | 68,555,000 (1)                |
| 2006 Series J .....                   | (2)                             | 2006                     | 9/1/2040                  | 60,000,000               | 60,000,000 (1)                |
| 2006 Series K .....                   | 4.111420%                       | 2006                     | 9/1/2017                  | 15,000,000               | 5,165,000 (1)                 |
| 2006 Series L .....                   | 5.062770%                       | 2006                     | 3/1/2041                  | 165,000,000              | 107,610,000 (1)               |
| 2006 Series O .....                   | 3.829481%                       | 2006                     | 9/1/2017                  | 10,000,000               | 3,410,000 (1)                 |
| 2006 Series P .....                   | 4.858303%                       | 2006                     | 9/1/2037                  | 85,000,000               | 49,545,000 (1)                |
| 2006 Series S .....                   | 6.135383%                       | 2006                     | 9/1/2037                  | 25,000,000               | 14,420,000 (3)                |
| 2007 Series A .....                   | 4.951603%                       | 2007                     | 9/1/2047                  | 270,000,000              | 164,065,000 (1)               |
| 2007 Series B .....                   | 6.065560%                       | 2007                     | 9/1/2037                  | 30,000,000               | 17,470,000 (3)                |
| 2007 Series C .....                   | 3.944500%                       | 2007                     | 9/1/2017                  | 45,000,000               | 16,785,000 (1)                |
| 2007 Series D .....                   | 4.924814%                       | 2007                     | 3/1/2048                  | 175,000,000              | 117,265,000 (1)               |
| 2007 Series E .....                   | 6.031685%                       | 2007                     | 9/1/2042                  | 49,375,000               | 37,760,000 (4)                |
| 2007 Series F .....                   | (2)                             | 2007                     | 9/1/2031                  | 46,485,000               | 25,445,000 (8)                |
| 2007 Series G .....                   | 4.245422%                       | 2007                     | 9/1/2017                  | 61,605,000               | 21,205,000                    |
| 2007 Series H .....                   | 5.150783%                       | 2007                     | 3/1/2048                  | 63,395,000               | 55,685,000                    |
| 2007 Series I .....                   | 6.523650%                       | 2007                     | 9/1/2043                  | 62,800,000               | 44,640,000 (4)                |
| 2007 Series J .....                   | (2)                             | 2009                     | 9/1/2031                  | 58,680,000               | 32,800,000 (6)                |
| 2007 Series K .....                   | 3.761910%                       | 2007                     | 9/1/2017                  | 30,000,000               | 7,795,000                     |
| 2007 Series M .....                   | (2)                             | 2007                     | 9/1/2043                  | 29,050,000               | 29,050,000 (7)                |
| 2008 Series A .....                   | 3.895197%                       | 2008                     | 9/1/2017                  | 60,000,000               | 27,475,000                    |
| 2008 Series B .....                   | 3.909668%                       | 2008                     | 9/1/2017                  | 19,770,000               | 4,645,000                     |
| 2008 Series D .....                   | (2)                             | 2008                     | 9/1/2038                  | 50,000,000               | 49,890,000                    |
| 2008 Series E .....                   | 4.290850%                       | 2008                     | 9/1/2017                  | 21,500,000               | 7,605,000                     |
| 2009 Series A .....                   | 4.798085%                       | 2009                     | 9/1/2039                  | 40,000,000               | 36,065,000                    |
| 2009 Series B .....                   | 4.516954%                       | 2009                     | 9/1/2039                  | 45,000,000               | 40,400,000                    |
| 2009 Series C .....                   | 4.227838%                       | 2009                     | 9/1/2039                  | 15,985,000               | 14,350,000                    |
| 2010 Series A .....                   | 4.416792%                       | 2010                     | 3/1/2021                  | 28,465,000               | 23,280,000                    |
| 2011 Series A .....                   | 4.494892%                       | 2011                     | 9/1/2041                  | 70,825,000               | 54,335,000 (1)                |
| 2011 Series B .....                   | (2)                             | 2011                     | 3/1/2036                  | 20,000,000               | 20,000,000 (1)                |
| 2012 Series A .....                   | 3.123440%                       | 2012                     | 9/1/2025                  | 44,450,000               | 30,390,000 (1)(5)             |
| 2012 Series B .....                   | (2)                             | 2012                     | 9/1/2033                  | 45,000,000               | 45,000,000 (1)(5)             |
| 2014 Series A .....                   | 3.739403%                       | 2014                     | 9/1/2032                  | 57,515,000               | 57,230,000 (1)                |
| 2014 Series B .....                   | 3.095548%                       | 2014                     | 9/1/2044                  | 35,565,000               | 31,110,000 (1)                |
| 2014 Series C .....                   | 3.369241%                       | 2014                     | 9/1/2044                  | 47,960,000               | 47,805,000 (1)                |
| 2014 Series D .....                   | 3.245679%                       | 2014                     | 9/1/2036                  | 23,885,000               | 22,965,000 (1)                |
| 2014 Series E .....                   | 3.395849%                       | 2014                     | 9/1/2040                  | 53,205,000               | 51,670,000 (1)(5)             |
| 2014 Series F .....                   | (2)                             | 2014                     | 9/1/2044                  | 25,000,000               | 25,000,000 (5)                |
| Total Residential Revenue Bonds ..... |                                 |                          |                           | <u>\$ 2,269,055,000</u>  | <u>\$ 1,556,455,000</u>       |

**Other Outstanding Bonds of the Administration**

The following table sets forth certain information relating to Bonds issued by the Administration under its other programs and outstanding as of July 1, 2015.

|  | <u>Year<br/>of Issue</u> | <u>Final<br/>Maturity</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|--|--------------------------|---------------------------|--------------------------|-------------------------------|
| <b>Single Family Housing Revenue Bonds</b>             |                          |                           |                          |                               |
| 2011 Series A (New Issue) .....                        | 2011                     | 3/1/2027                  | \$ 40,310,000            | \$ 24,360,000                 |
| 2009 Series A-1 (Released Program Bonds) .....         | 2011                     | 9/1/2041                  | 60,460,000               | 46,700,000                    |
| 2011 Series B (New Issue) .....                        | 2011                     | 3/1/2027                  | 40,000,000               | 26,080,000                    |
| 2009 Series A-2 (Released Program Bonds) .....         | 2011                     | 9/1/2041                  | 60,000,000               | 48,160,000                    |
| 2011 Series C (New Issue) .....                        | 2011                     | 3/1/2027                  | 22,555,000               | 15,360,000                    |
| 2009 Series A-3 (Released Program Bonds) .....         | 2011                     | 9/1/2041                  | 33,830,000               | 28,340,000                    |
| 2013 Series A (Pass-Through Program).....              | 2013                     | 7/1/2043                  | 55,987,759               | 49,677,358 (10)               |
| <b>Total Single Family Housing Revenue Bonds .....</b> |                          |                           | <u>\$ 313,142,759</u>    | <u>\$ 238,677,358</u>         |
| <b>Housing Revenue Bonds</b>                           |                          |                           |                          |                               |
| Series 1996 A .....                                    | 1996                     | 7/1/2023                  | \$ 137,385,000           | \$ 3,020,000                  |
| Series 1996 B .....                                    | 1996                     | 7/1/2028                  | 2,575,000                | 1,055,000                     |
| Series 2005 A .....                                    | 2005                     | 1/1/2047                  | 6,385,000                | 4,620,000                     |
| Series 2006 C .....                                    | 2006                     | 7/1/2036                  | 2,120,000                | 1,740,000                     |
| Series 2006 D .....                                    | 2006                     | 7/1/2048                  | 8,000,000                | 4,155,000                     |
| Series 2007 A .....                                    | 2007                     | 1/1/2049                  | 22,435,000               | 16,620,000                    |
| Series 2007 B .....                                    | 2007                     | 1/1/2038                  | 4,875,000                | 4,520,000                     |
| Series 2007 C .....                                    | 2007                     | 1/1/2043                  | 2,310,000                | 1,435,000                     |
| Series 2008 A .....                                    | 2008                     | 7/1/2038                  | 5,845,000                | 5,160,000                     |
| Series 2008 B .....                                    | 2008                     | 7/1/2049                  | 17,360,000               | 9,820,000                     |
| Series 2008 C .....                                    | 2008                     | 7/1/2048                  | 11,380,000               | 7,030,000                     |
| Series 2008 D .....                                    | 2008                     | 7/1/2039                  | 5,110,000                | 3,570,000                     |
| Series 2009 A .....                                    | 2009                     | 7/1/2041                  | 8,755,000                | 6,630,000                     |
| Series 2012 A .....                                    | 2012                     | 1/1/2054                  | 9,340,000                | 9,145,000                     |
| Series 2012 B .....                                    | 2012                     | 7/1/2054                  | 5,505,000                | 4,415,000                     |
| Series 2012 D .....                                    | 2012                     | 1/1/2054                  | 4,700,000                | 4,605,000                     |
| Series 2013 A .....                                    | 2013                     | 7/1/2054                  | 10,925,000               | 10,775,000                    |
| Series 2013 B .....                                    | 2013                     | 1/1/2055                  | 11,915,000               | 10,855,000                    |
| Series 2013 C .....                                    | 2013                     | 7/1/2045                  | 23,270,000               | 3,850,000                     |
| Series 2013 D .....                                    | 2013                     | 1/1/2055                  | 10,790,000               | 7,545,000                     |
| Series 2013 E .....                                    | 2013                     | 7/1/2045                  | 41,795,000               | 41,795,000 (2)(5)             |
| Series 2013 F .....                                    | 2013                     | 7/1/2055                  | 16,255,000               | 16,255,000                    |
| Series 2014 A .....                                    | 2014                     | 1/1/2055                  | 4,805,000                | 4,760,000                     |
| Series 2014 B .....                                    | 2014                     | 7/1/2055                  | 3,790,000                | 3,790,000                     |
| Series 2014 C .....                                    | 2014                     | 1/1/2046                  | 3,700,000                | 3,700,000                     |
| Series 2014 D .....                                    | 2014                     | 1/1/2056                  | 10,060,000               | 10,060,000                    |
| Series 2015 A .....                                    | 2015                     | 1/1/2057                  | 13,395,000               | 13,395,000                    |
| <b>Total Housing Revenue Bonds .....</b>               |                          |                           | <u>\$ 404,780,000</u>    | <u>\$ 214,320,000</u>         |

## Other Outstanding Bonds of the Administration

|  | <u>Year<br/>of Issue</u> | <u>Final<br/>Maturity</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|--|--------------------------|---------------------------|--------------------------|-------------------------------|
| <b>Multi-Family Mortgage Revenue Bonds</b>                               |                          |                           |                          |                               |
| Series 2010 A (New Issue) .....  | 2010                     | 7/1/2030                  | \$ 8,410,000             | \$ 7,225,000                  |
| Series 2009 A-1 (Released Program Bonds) .....                           | 2010                     | 7/1/2051                  | 24,380,000               | 24,380,000                    |
| Series 2010 B (New Issue) .....  | 2010                     | 7/1/2045                  | 16,730,000               | 15,815,000                    |
| Series 2009 A-2 (Released Program Bonds) .....                           | 2010                     | 7/1/2051                  | 6,610,000                | 6,610,000                     |
| Series 2009 A-3 (Released Program Bonds) .....                           | 2010                     | 1/1/2044                  | 5,410,000                | 5,225,000 (9)                 |
| Series 2010 D (New Issue) .....  | 2010                     | 1/1/2035                  | 6,880,000                | 5,630,000                     |
| Series 2009 A-4 (Released Program Bonds) .....                           | 2010                     | 7/1/2051                  | 10,760,000               | 10,760,000                    |
| Series 2011 A (New Issue) .....  | 2011                     | 7/1/2026                  | 2,190,000                | 1,770,000                     |
| Series 2009 A-5 (Released Program Bonds) .....                           | 2011                     | 7/1/2051                  | 8,460,000                | 8,460,000                     |
| Series 2011 B (New Issue) .....  | 2011                     | 1/1/2028                  | 8,680,000                | 3,305,000                     |
| Series 2009 A-6 (Released Program Bonds) .....                           | 2011                     | 7/1/2051                  | 13,230,000               | 13,230,000                    |
| Series 2011 C (New Issue) .....  | 2011                     | 7/1/2051                  | 16,685,000               | 15,740,000                    |
| Series 2009 A-7 (Released Program Bonds) .....                           | 2011                     | 7/1/2051                  | 23,190,000               | 23,190,000                    |
| <b>Total Multi-Family Mortgage Revenue Bonds .....</b>                   |                          |                           | <b>\$ 151,615,000</b>    | <b>\$ 141,340,000</b>         |
| <b>Infrastructure Financing Bonds (MBIA Insured)</b>                     |                          |                           |                          |                               |
| 1997 Series A .....  | 1997                     | 6/1/2027                  | \$ 9,860,000             | \$ 275,000                    |
| 1998 Series B .....  | 1998                     | 6/1/2028                  | 30,320,000               | 410,000                       |
| 1998 Series C .....  | 1998                     | 12/1/2020                 | 2,845,000                | 125,000                       |
| 1999 Series A .....  | 1999                     | 6/1/2029                  | 6,985,000                | 545,000                       |
| 2001 Series A .....  | 2001                     | 6/1/2031                  | 8,460,000                | 85,000                        |
| <b>Total Infrastructure Financing Bonds (MBIA Insured) .....</b>         |                          |                           | <b>\$ 58,470,000</b>     | <b>\$ 1,440,000</b>           |
| <b>Local Government Infrastructure Bonds (Ambac Insured)</b>             |                          |                           |                          |                               |
| 2002 Series A .....  | 2002                     | 6/1/2032                  | \$ 11,790,000            | \$ 210,000                    |
| 2003 Series A .....  | 2003                     | 6/1/2023                  | 14,560,000               | 970,000                       |
| 2004 Series A .....  | 2004                     | 6/1/2034                  | 16,375,000               | 3,795,000                     |
| 2004 Series B .....  | 2004                     | 6/1/2034                  | 4,735,000                | 3,375,000                     |
| 2005 Series A .....  | 2005                     | 6/1/2030                  | 9,345,000                | 6,060,000                     |
| 2006 Series A .....  | 2006                     | 6/1/2026                  | 8,940,000                | 2,785,000                     |
| 2007 Series A .....  | 2007                     | 6/1/2037                  | 11,460,000               | 7,720,000                     |
| 2007 Series B .....  | 2007                     | 6/1/2027                  | 24,575,000               | 15,440,000                    |
| <b>Total Local Government Infrastructure Bonds (Ambac Insured) .....</b> |                          |                           | <b>\$ 101,780,000</b>    | <b>\$ 40,355,000</b>          |
| <b>Local Government Infrastructure Bonds</b>                             |                          |                           |                          |                               |
| 2010 Series A-1 (Senior Obligations) .....                               | 2010                     | 6/1/2030                  | \$ 19,395,000            | \$ 14,950,000                 |
| 2010 Series A-2 (Subordinate Obligations) .....                          | 2010                     | 6/1/2030                  | 8,515,000                | 6,590,000                     |
| 2012 Series A-1 (Senior Obligations) .....                               | 2012                     | 6/1/2032                  | 9,550,000                | 7,570,000                     |
| 2012 Series A-2 (Subordinate Obligations) .....                          | 2012                     | 6/1/2032                  | 4,420,000                | 3,535,000                     |
| 2012 Series B-1 (Senior Obligations) .....                               | 2012                     | 6/1/2032                  | 14,900,000               | 12,740,000                    |
| 2012 Series B-2 (Subordinate Obligations) .....                          | 2012                     | 6/1/2032                  | 6,855,000                | 5,875,000                     |
| 2013 Series A-1 (Senior Obligations) .....                               | 2013                     | 6/1/2043                  | 14,660,000               | 13,550,000                    |
| 2013 Series A-2 (Subordinate Obligations) .....                          | 2013                     | 6/1/2043                  | 6,720,000                | 6,245,000                     |
| 2014 Series A-1 (Senior Obligations) .....                               | 2014                     | 6/1/2034                  | 27,605,000               | 26,785,000                    |
| 2014 Series A-2 (Subordinate Obligations) .....                          | 2014                     | 6/1/2034                  | 12,720,000               | 12,370,000                    |
| <b>Total Local Government Infrastructure Bonds .....</b>                 |                          |                           | <b>\$ 125,340,000</b>    | <b>\$ 110,210,000</b>         |

## Other Outstanding Bonds of the Administration

|   |      |     | <u>Year<br/>of Issue</u>               | <u>Final<br/>Maturity</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |                       |
|---|------|-----|--|---------------------------|--------------------------|-------------------------------|-----------------------|
| Multifamily Development Revenue Bonds             |      |     |  |                           |                          |                               |                       |
| Series  | 1999 | A   | (GNMA-Selborne House Project).....     | 1999                      | 12/20/2040               | \$ 2,150,000                  | \$ 1,865,000          |
| Series  | 2001 | C   | (Parklane Apartments Project).....     | 2001                      | 2/15/2034                | 9,800,000                     | 9,800,000 (2)         |
| Series  | 2001 | D   | (Princess Anne Townhouses).....        | 2001                      | 12/15/2033               | 4,350,000                     | 2,895,000             |
| Series  | 2001 | E   | (Princess Anne Townhouses).....        | 2001                      | 12/15/2033               | 2,875,000                     | 2,340,000 (2)         |
| Series  | 2001 | G   | (Waters Tower Senior Apts.).....       | 2001                      | 12/15/2033               | 4,045,000                     | 3,285,000 (2)         |
| Series  | 2002 | B   | (Broadway Homes Project).....          | 2002                      | 5/1/2020                 | 5,045,000                     | 1,985,000             |
| Series  | 2002 | C   | (Orchard Mews Apartment Project)...    | 2002                      | 5/1/2035                 | 5,845,000                     | 4,090,000             |
| Series  | 2003 | A   | (Barrington Apartments Project).....   | 2003                      | 6/15/2037                | 40,000,000                    | 39,905,000 (2)        |
| Series  | 2005 | A   | (Fort Washington Manor Sr. Housing)    | 2005                      | 11/15/2038               | 14,000,000                    | 12,560,000 (2)        |
| Series  | 2005 | B   | (Washington Gardens).....              | 2005                      | 2/1/2036                 | 5,000,000                     | 2,125,000             |
| Series  | 2006 | A   | (Barclay Greenmount Apartments)....    | 2006                      | 4/1/2035                 | 4,535,000                     | 3,345,000             |
| Series  | 2006 | B   | (Charles Landing South Apartments).    | 2006                      | 12/1/2036                | 3,375,000                     | 3,375,000 (2)         |
| Series  | 2007 | A   | (Brunswick House Apartments).....      | 2007                      | 10/1/2037                | 3,000,000                     | 1,935,000             |
| Series  | 2007 | B   | (Park View at Catonsville).....        | 2007                      | 12/1/2037                | 5,200,000                     | 4,750,000 (2)         |
| Series  | 2008 | A   | (Walker Mews Apartments).....          | 2008                      | 5/1/2048                 | 11,700,000                    | 11,700,000 (2)        |
| Series  | 2008 | B   | (Shakespeare Park Apartments).....     | 2008                      | 5/1/2038                 | 7,200,000                     | 7,200,000 (2)         |
| Series  | 2008 | C   | (The Residences at Ellicott Gardens).. | 2008                      | 12/1/2040                | 9,105,000                     | 6,175,000 (2)         |
| Series  | 2008 | D   | (Crusader Arms Apartments).....        | 2008                      | 2/1/2041                 | 3,885,000                     | 2,660,000 (2)         |
| Series  | 2008 | E   | (MonteVerde Apartments).....           | 2008                      | 3/1/2041                 | 15,200,000                    | 15,200,000 (2)        |
| Series  | 2008 | F   | (Hopkins Village Apartments).....      | 2008                      | 11/1/2038                | 9,100,000                     | 9,100,000 (2)         |
| Series  | 2008 | G   | (Kirkwood House Apartments).....       | 2008                      | 12/1/2038                | 16,000,000                    | 16,000,000 (2)        |
| Series  | 2009 | A   | (Sharp Leadenhall Apartments).....     | 2009                      | 3/1/2041                 | 16,950,000                    | 16,950,000 (2)        |
| Series  | 2012 | A   | (Park View at Bladensburg).....        | 2012                      | 12/1/2030                | 3,500,000                     | 3,390,000             |
| Series  | 2013 | G   | (Glen Manor Apartments).....           | 2013                      | 1/1/2031                 | 13,640,000                    | 13,640,000            |
| Series  | 2013 | H   | (Seton Village).....                   | 2013                      | 12/1/2015                | 5,400,000                     | 5,400,000             |
| Series  | 2014 | B-1 | (Memorial Apartments).....             | 2014                      | 5/1/2017                 | 12,700,000                    | 12,700,000            |
| Series  | 2014 | B-2 | (Memorial Apartments).....             | 2014                      | 5/1/2017                 | 13,300,000                    | 13,300,000            |
| Series  | 2014 | C   | (Locust House Apartments).....         | 2014                      | 5/1/2016                 | 7,300,000                     | 7,300,000             |
| Series  | 2014 | D   | (Timbercroft Apartments).....          | 2014                      | 11/1/2016                | 25,000,000                    | 25,000,000            |
| Series  | 2014 | E   | (Silver Spring Library Residences).... | 2014                      | 4/1/2017                 | 22,000,000                    | 22,000,000            |
| Series  | 2014 | F   | (Old Towne Manor).....                 | 2014                      | 4/1/2016                 | 6,000,000                     | 6,000,000             |
| Series  | 2014 | G   | (Windsor Valley I & II).....           | 2014                      | 7/1/2017                 | 16,500,000                    | 16,500,000            |
| Series  | 2014 | H   | (Taney Village).....                   | 2014                      | 12/1/2016                | 12,000,000                    | 12,000,000            |
| Series  | 2014 | I   | (Marlborough Apartments).....          | 2014                      | 12/15/2031               | 27,590,000                    | 27,375,000            |
| Series  | 2015 | A   | (Conifer Village at Oakcrest).....     | 2015                      | 6/1/2017                 | 13,000,000                    | 13,000,000            |
| Total Multifamily Development Revenue Bonds ..... |      |     |  |                           |                          | <u>\$ 376,290,000</u>         | <u>\$ 356,845,000</u> |

## Other Outstanding Bonds of the Administration

|   | <u>Year<br/>of Issue</u> | <u>Final<br/>Maturity</u> | <u>Amount<br/>Issued</u> | <u>Amount<br/>Outstanding</u> |
|---|--------------------------|---------------------------|--------------------------|-------------------------------|
| Capital Fund Securitization Revenue Bonds                           |                          |                           |                          |                               |
| Series 2003 .....   | 2003                     | 7/1/2021                  | \$ 94,295,000            | \$ 30,435,000                 |
| Total Capital Fund Securitization Revenue Bonds .....               |                          |                           | <u>\$ 94,295,000</u>     | <u>\$ 30,435,000</u>          |
| Local Government Infrastructure Bonds                               |                          |                           |                          |                               |
| 2011 Series A (Mayor and City Council of<br>Cumberland Issue) ..... | 2011                     | 6/1/2032                  | \$ 12,275,000            | \$ 12,125,000                 |
| Total Local Government Infrastructure Bonds .....                   |                          |                           | <u>\$ 12,275,000</u>     | <u>\$ 12,125,000</u>          |
| Total Amount of Other Bonds Outstanding .....                       |                          |                           | <u>\$ 1,637,987,759</u>  | <u>\$ 1,145,747,358</u>       |
| Total Amount of Residential Revenue Bonds Outstanding (11) .....    |                          |                           | <u>\$ 2,269,055,000</u>  | <u>\$ 1,556,455,000</u>       |
| Total Amount of All Bonds Outstanding .....                         |                          |                           | <u>\$ 3,907,042,759</u>  | <u>\$ 2,702,202,358</u>       |

- (1) Certain prepayments of mortgage loans financed with the proceeds of such series of bonds are to be applied first to the redemption of certain bonds within such series.
- (2) These are variable rate bonds that are repriced according to the terms in the respective Official Statement.
- (3) These are taxable pass through bonds.
- (4) These are taxable bonds with redemption provisions pertaining only to these bonds. For a description of the redemption provisions refer to the Official Statement.
- (5) These are taxable bonds.
- (6) These bonds were remarketed September 24, 2009 from taxable to tax-exempt. The bonds were originally issued on August 9, 2007 in the amount of \$62,200,000. For a description of the redemption provisions refer to the Official Statement.
- (7) These bonds were remarketed October 8, 2009 from taxable to tax-exempt. The bonds were originally issued on December 12, 2007 in the amount of \$30,000,000. For a description of the redemption provisions refer to the Official Statement.
- (8) These bonds were remarketed October 27, 2009 from taxable to tax-exempt. The bonds were originally issued on June 20, 2007 in the amount of \$50,625,000. For a description of the redemption provisions refer to the Official Statement.
- (9) Multi-Family Mortgage Revenue Bonds Series 2009 A-3 are non-parity bonds under this bond resolution. These bonds are special obligations payable solely from the trust estate pledged under the series resolution.
- (10) These pass-through bonds are subject to mandatory payment, without premium, on the first day of each month from scheduled principal payments and prepayments. For a description of the principal payment and redemption provisions refer to the Official Statement.
- (11) See information under caption "Outstanding Residential Revenue Bonds" above.

**For updated information on issuances and/or redemptions after July 1, 2015, please refer to the website [www.mdhousing.org](http://www.mdhousing.org), Investor Information.**

Appendix F  
Community Development Administration  
Residential Revenue Bonds  
Ten Year Rule Percentages

| Bond Series                  | 12/31/2014 | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | 12/31/2025 |
|------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1998 Series A/B              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 1999 Series E/F              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 1999 Series H                | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2000 Series A/B              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2000 Series F/G              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2001 Series E/F              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2002 Series A                | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2003 Series A/B/C            | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2004 Series A/B/C            | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2004 Series D/E/F            | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2004 Series G/H/I            | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2004 Series J/K              | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2005 Series A/B/C            | 20.75%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2005 Series D/E              | 81.41%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2006 Series A/B/C/D          | 72.96%     | 72.96%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2006 Series E/F/G            | 19.20%     | 19.20%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2006 Series H/I/J            | 7.87%      | 7.87%      | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2006 Series K/L/M/N          | 48.32%     | 58.31%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2006 Series O/P/Q/R          | 57.91%     | 58.06%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2007 Series A                | 13.33%     | 13.33%     | 13.45%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2007 Series C/D              | 32.02%     | 38.64%     | 66.27%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2007 Series G/H              | 44.56%     | 47.38%     | 58.43%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2007 Series K/L              | 60.95%     | 61.42%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2008 Series A                | 72.92%     | 74.66%     | 99.91%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2008 Series B/C/D            | 37.21%     | 38.99%     | 44.97%     | 46.51%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2008 Series E/F              | 43.02%     | 44.47%     | 51.49%     | 53.33%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2009 Series A/2007 Series J  | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2009 Series B/2007 Series M  | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2009 Series C/ 2007 Series F | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2010 Series A                | 76.59%     | 76.59%     | 76.59%     | 76.59%     | 76.59%     | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2010 Series B                | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2011 Series A/B              | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 100.00%    | 100.00%    | 100.00%    | 100.00%    | 100.00%    |
| 2014 Series A/B              | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 45.39%     | 100.00%    | 100.00%    |
| 2014 Series C/D              | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 37.69%     | 100.00%    | 100.00%    |
| 2015 Series A*               | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 100.00%    |

Percentage represents the amount of each repayment of principal and prepayment received in each series which must be used to pay the principal portion of debt service or redeem bonds of that series. Percentages are requirements as of December 31 of each year.

\*Preliminary; subject to change.

APPENDIX G

MORTGAGE INSURANCE AND  
GUARANTY PROGRAMS

## APPENDIX G

### MORTGAGE INSURANCE AND GUARANTY PROGRAMS

#### FHA MORTGAGE INSURANCE PROGRAM, VA HOME LOAN GUARANTY PROGRAM, USDA/RD MORTGAGE GUARANTY PROGRAM, PRIVATE MORTGAGE INSURANCE PROGRAM AND THE MHF INSURANCE PROGRAM

##### Introduction

The Administration has prepared the following description of the FHA Mortgage Insurance Program, the VA Home Loan Guaranty Program, the USDA/RD Mortgage Guaranty Program, and private mortgage insurance. This description is only a brief outline and does not purport to summarize or describe all of the provisions of these programs, and the Administration does not warrant or represent the accuracy or completeness of such description. For a more complete description of the terms of this program, reference is made to the provisions of the insurance and guaranty contracts embodied in the regulations of FHA, VA and USDA/RD, respectively, and of the regulations, master insurance contracts and other such applicable information for those programs and for applicable private mortgage insurance. Credit Enhancement for Mortgage Loans made or purchased by the Administration with the proceeds is limited by the Bond Resolutions to insurance under the FHA Mortgage Insurance Program, the VA Home Loan Guaranty Program, the USDA/RD Guarantee Program, and private mortgage insurance (described below). In addition, Mortgage Loans may be insured by the Maryland Housing Fund. See THE MHF INSURANCE PROGRAM below. Moreover, Mortgage Loans with a loan-to-value ratio of 80% or less are not required to have a credit enhancement as described above. If a Mortgage Loan without credit enhancement is supported by secondary financing, then such financing must be acceptable to the Administration. The secondary financing may include, for example, certain grants or loans from governmental or non-profit entities; any loans must be non-amortizing or amortize at an interest rate below the market rate. However, the Bond Resolution does not require that a Mortgage Loan financed in the future be secured by Credit Enhancement. Credit Enhancement of all or a portion of a Mortgage Loan, if any, will be provided in accordance with the provisions therefor set forth in the Series Resolution authorizing a particular Series of Bonds. Credit Enhancement of Mortgage Loans includes (but is not limited to) any credit enhancement, insurance, guaranty, risk-sharing arrangement or any other form of credit support for a Mortgage Loan (or any portion thereof) as provided in any Series Resolution or Supplemental Resolution and it is possible that insurance benefits under other federal, State or private programs in which the Administration may participate could have different terms.

##### FHA Mortgage Insurance Program

Section 221 and Section 203 of the National Housing Act, as amended (the "Housing Act"), authorize the FHA to insure mortgage loans of up to 40 years for the purchase of one to four family dwelling units, or 30 years if the mortgage is not approved for insurance prior to construction. Section 234 of the Housing Act authorizes the FHA to insure mortgage loans of up to 35 years for the purchase of one-family dwelling units in multi-family condominium projects. The regulations promulgated to implement the Housing Act provide for insurance of mortgage loans for up to 30 years.

Mortgage Loans shall bear interest at a rate agreed upon by the mortgagee and Borrower. Mortgage Loans under any of the foregoing programs must be in conformity with the maximum mortgage loan amount limitations and minimum downpayment requirements specified in the Housing Act and the

regulations promulgated thereunder. In addition, the Borrower must establish to the satisfaction of FHA that his or her income is adequate to meet the periodic payments required on the mortgage loan.

FHA permits the fully insured Mortgage Loan amount to include not only the up-front mortgage insurance premium, but, under certain circumstances, certain closing costs and other costs as well. Furthermore, through the FHA Section 203(k) Program, FHA will insure certain loans for up to 110 percent of the expected after-rehabilitation value of the property, plus permitted closing costs.

Under the terms of the foregoing program, the mortgagee, upon a default by the Borrower, is required to take certain actions, and is subject to certain limitations, before the mortgagee is entitled to initiate foreclosure proceedings or to claim insurance benefits. The mortgagee is subject to certain requirements and limitations, including the following: (1) the mortgagee must give notice of default to the Borrower and make reasonable efforts to conduct a face-to-face interview with the Borrower; (2) the mortgagee is required to undertake a pre-foreclosure review to ensure compliance with applicable requirements; and (3) the mortgagee may not commence foreclosure until at least three full monthly installments are in default. In addition, various types of forbearance may be required, including a reduction in mortgage payments, recasting the mortgage to reduce payments, temporary mortgage assistance payments, or pre-foreclosure sale. The mortgage also is subject to reinstatement until completion of foreclosure proceedings. The Housing Act gives discretionary authority to the Secretary of the United States Department of Housing and Urban Development (“HUD”) to settle claims for insurance benefits for insured mortgages either in cash or debentures; claim payments currently are being made in cash. HUD debentures bear interest at the rate in effect as of the time of origination of the mortgage loan or when the mortgage loan is endorsed, whichever rate is higher.

Insurance benefits are paid on foreclosure and conveyance of title. The amount of benefits paid by FHA on conveyed properties, except in certain circumstances as described below, is equal to the unpaid principal amount of the mortgage loan plus certain tax, insurance and other payments made by the mortgagee, a percentage of any foreclosure expenses incurred by the mortgagee, which percentage shall be determined in accordance with such terms as HUD shall prescribe, and reasonable expenses incurred by the mortgagee for the preservation, protection and operation of the properties prior to conveyance, as well as interest from date of default at a rate equivalent to the debenture interest rate (which may be less than the interest rate of the insured mortgage loan), less certain amounts received or retained by the mortgagee in respect of the mortgaged property.

When any property to be conveyed to the FHA has been damaged by fire, earthquake, flood or tornado, it is generally required, as a condition to payment of an insurance claim, that such property be repaired by the mortgagee prior to such conveyance.

### **VA Home Loan Guaranty Program**

The Servicemen’s Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, the veteran’s spouse) to obtain a loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans with terms of up to 30 years and 32 days. VA will guarantee up to 50 percent of a home loan up to \$45,000. For loans between \$45,000 and \$144,000, the minimum guaranty amount is \$22,500; and the maximum guaranty is up to 40 percent of the loan, up to \$36,000, subject to the amount of entitlement a veteran has available. For loans of more than \$144,000 the maximum guaranty is the lesser of 25 percent of the loan or the dollar amount that is equal to 25 percent of the Federal Home Loan Mortgage Corporation conforming loan limitation determined under Section 505(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a single-family residence, as adjusted

for the year involved. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage lender will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee, as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

### **USDA/RD Mortgage Guarantee Program**

The Cranston-Gonzalez National Affordable Housing Act of 1990 authorized the establishment of the USDA/RD Guaranteed Rural Housing Loan Program. Households with annual incomes at or below one hundred fifteen percent (115%) of median area income are eligible for these loans, subject to the geographic restrictions described below. Households with annual incomes at or below eighty percent (80%) of the area median income may be eligible for interest assistance, in addition to the loan guarantee. The interest assistance paid monthly by USDA/RD to the loan servicer reduces the borrower's effective interest rate. The amount of interest rate reduction is dependant upon the households' annual income, which is re-certified by the loan servicer annually. No funds currently are available for interest assistance.

The USDA/RD Guaranteed Rural Housing Loan Program is limited to only certain rural areas of the State. Any city, place, town or village with a population not exceeding 20,000, based on the most recent decennial census, will be considered rural.

The USDA/RD guaranty covers the lesser of (a) any loss equal to ninety percent (90%) of the original principal amount of the loan or (b) any loss in full up to thirty-five percent (35%) of the original principal amount of the loan plus any additional loss on the remaining sixty-five (65%) to be shared approximately eighty-five percent (85%) by USDA/RD and approximately fifteen percent (15%) by the mortgagee.

USDA/RD does not accept conveyance of the property, but rather pays the lender's claim upon foreclosure. The claim payment includes certain actual costs incurred by the lender prior to foreclosure, including interest expense, and an allowance for the costs associated with liquidating the property. The claim payment amount is based on the net sales proceeds if the property is sold within six (6) months, or if no sale occurs within six (6) months, the claim payment amount is determined according to a formula based upon an appraisal of the property performed by USDA/RD. The lender's actual disposition costs may be higher than the USDA/RD claim payment.

### **Private Mortgage Insurance**

Each private mortgage insurance policy with respect to a Mortgage Loan must contain provisions substantially as follows: (a) the mortgage insurer must pay a claim, including unpaid principal, accrued interest, the amounts equal to deferred interest in connection with Mortgage Loans with graduated payments schedules, if any, and expenses, within sixty days of presentation of the claim by the Administration; (b) when a claim for the outstanding principal amount, accrued interest and expenses is presented, the mortgage insurer must either (i) pay such claim in full and take title to the mortgaged property and arrange for its sale or (ii) pay the insured percentage of such claim and allow the Administration to retain title to the mortgaged property or (iii) settle a claim for actual losses where such losses are less than the insured percentage of the claim. (See the "Homeowners Protection Act" below for a discussion of federal legislation that affects private mortgage insurance.) *Recent rating agencies' reviews of private mortgage insurers may be indicative of some future inability of these insurers generally*

*to fulfill in full their obligations, if and when required upon a mortgage default, to make timely payments on policies. The Administration makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payments to the Administration on Mortgage Loans on which losses are incurred.*

### **Homeowners Protection Act**

The Homeowners Protection Act of 1998 (the “Homeowners Protection Act”) permits a borrower to cancel private mortgage insurance (for which the borrower pays the premium) on the date on which the principal balance of the mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reaches 80% of the original value of the residence. The original value is the lesser of the sales price or the appraised value at the time the mortgage loan transaction was consummated. In order to effect such cancellation, the borrower must request in writing that the cancellation be initiated, must have a good payment history with respect to the mortgage loan (i.e., no mortgage payment was, during the year beginning two years prior to cancellation, 60 or more days delinquent, and no mortgage payment was, during the year beginning one year prior to cancellation, 30 or more days delinquent), and must satisfy any requirements of the lender for evidence that the value of the residence has not declined below its original value and for certification that the borrower’s equity in the residence is not encumbered by a subordinate loan. This Homeowners Protection Act further provides for automatic termination of mortgage insurance on the date on which the principal balance of the mortgage loan is schedule to reach 78% of the original value of the residence, or if the borrower is not then current on his mortgage loan payments, on the date on which the borrower subsequently becomes current on such payments. These termination and cancellation provisions do not apply to mortgage loans characterized as high risk loans. Even if the private mortgage insurance is not canceled or terminated as described above, private mortgage insurance must be terminated on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. This Homeowners Protection Act also requires that borrowers be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. This Homeowners Protection Act applies to mortgage loans closed on or after July 29, 1999.

This Homeowners Protection Act applies to insurance provided by the Maryland Housing Fund as well as private mortgage insurance described above.

In addition to termination and cancellation rights available to the borrower under the Homeowners Protection Act, the Administration also permits a borrower to request cancellation of private mortgage insurance or insurance through the Maryland Housing Fund for loans made after January 1, 2005, provided that: (1) the loan balance is 75% or less of the current value of the home as established by a new appraisal acceptable to the Administration; (2) none of the borrower’s payments were 30 days or more past due within the 12-month period before the mortgage insurance will be cancelled; (3) none of the borrower’s payments were 60 days or more past due during the 24-month period before the mortgage insurance will be cancelled; and (4) the loan is between two and five years old. If the loan is more than five years old, the loan balance may be 80% (instead of 75%) or less of the current value of the home as established by a new appraisal acceptable to the Administration; conditions (2) and (3) also apply.

## **THE MHF INSURANCE PROGRAM**

The following describes the mortgage insurance programs administered by the Maryland Housing Fund (“MHF”) pursuant to Section 3-201 through 3-208 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the “MHF Statute”), and is qualified in its entirety by reference to such statute and the regulations thereunder (the “MHF Regulations”).

MHF was created in 1971 as a special insurance fund of the State of Maryland and is a governmental unit in the Division of Credit Assurance of the Department (the “Division”). MHF is authorized to insure mortgage loans, including mortgage loans for multifamily developments financed by public agencies such as the Administration (“Multifamily loans”) and to provide primary insurance for single family mortgage loans (“Single Family loans”). MHF insures against certain monetary losses incurred as a result of nonpayment of principal, interest or other sums agreed to be paid and certain other events of default under the terms of any insured mortgage loan but does not insure against property losses, including without limitation, title risk, risks of defective construction or casualty, or any other reduction in project value due to insurable risk or force majeure, casualty or title loss.

In early 1997, the Department suspended all insurance activity of MHF (except for pool insurance for certain Single Family loans), partly as a result of concerns expressed by Moody’s Investors Service (“Moody’s”) during the 1996 and 1997 rating review. The Department responded to Moody’s concerns and has consulted with Moody’s regarding the implementation of certain of MHF’s insurance programs. MHF continues to service active insured loans originated prior to 1997 and is operating the insurance programs described below.

### **Multifamily Loan Programs**

MHF insures mortgage loans under a group home loan program known as “SHOP” (Special Housing Opportunities Program) that finance or refinance the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population, which are owned by and sponsored by nonprofit organizations. This is an active program with loans funded through the Administration and insured by MHF.

The Administration is a participant in the Federal Housing and Administration’s (“FHA”) Risk-Sharing Program (the “FHA Risk-Sharing Program”) for multifamily loans. As a Level I participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, the Administration would be responsible for reimbursement to FHA of up to 50% of such claim. As a Level II participant under the FHA Risk-Sharing Program, the Administration would be responsible for reimbursement to FHA of up to 25% of such claim. The Administration expects that MHF would reimburse the Administration for its share of such losses, pursuant to a commitment letter issued by MHF to the Administration in connection with each Loan. Between 1997 and 2004, the Administration participated in the FHA Risk-Sharing Program only in connection with the refinancing of Loans then insured by MHF where the Administration was able to decrease the dollar amount of MHF’s insurance exposure with respect to such loans. In 2004, the Department expanded its MHF insurance program for new Loans funded through the Administration with credit enhancement under the FHA Risk-Sharing Program.

MHF has also provided mortgage insurance for short term loans made by the Administration pursuant to the Tax Credit Bridge Loan Insurance program. For a project which qualifies for federal low income housing tax credits, MHF provided limited insurance for bridge loans made by the Administration until equity capital contributions were made by the tax credit investor. The Tax Credit Bridge Loan Insurance program is governed by Sections 3-203 and 3-206 of the MHF Statute and COMAR 05.06.02 of the MHF Regulations.

Effective December 9, 2014, MHF and the Administration created a demonstration program (the “MHF Demonstration Program”) whereby MHF insures short term loans (“Short Term Loans”) financed with proceeds from the sale of short term bonds issued under the Bond Resolution (the “Short Term Bonds”). The MHF Demonstration Program is an additional cost-effective option extended to borrowers for the provision of Credit Enhancement for Short Term Loans financed under the Bond Resolution. Eligibility for the MHF Demonstration Program is limited to projects where the project would need to use more than 25% of its projected tax credit equity to cash collateralize a letter of credit (“LOC”) that otherwise would be delivered to secure Short Term Bonds during construction, and the amount of the Short Term Loan (which equals the amount of the cash collateral account that would be required by a LOC provider) is greater than 25% of the projected tax credit equity. No borrower, including all related entities, may have Short Term loans insured under the MHF Demonstration Program at any one time in excess of \$5 million. In addition, 25% of the projected amount of tax credit equity to be generated by a project must be contributed to the project at the closing of the Short Term Loan. MHF’s obligations under the MHF Demonstration Program are backed only by (i) MHF’s Unallocated Reserve and (ii) any excess revenue available under the Bond Resolution. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million from the MHF Unallocated Reserve plus any excess revenue available under the Bond Resolution at any given time. Prior to formal implementation of the MHF Demonstration Program, two short term loans were underwritten using the MHF Demonstration Program criteria, and those short term loans have been transferred into the MHF Demonstration Program.

### **Single Family Loan Programs**

In June 2005, the Department opened a program of MHF to insure 30-year and 40-year amortizing Single Family loans being purchased by the Administration. Because market conditions caused unexpected high demand for this insurance, the Department suspended the program as of November 10, 2008.

In June 2006 the Department authorized the expenditure of up to \$1 million of the Revitalization Reserve to provide credit enhancement to a loan program that is sponsored by a nonprofit corporation, which is intended to stabilize and strengthen property values in targeted areas of the City of Baltimore. The ability to enroll new loans under that agreement terminated March 31, 2012; however, MHF will continue its coverage of active loans enrolled in the loan pool for up to ten years after the date a loan is enrolled in the pool. The Department negotiated a new agreement dated January 12, 2012, authorizing the expenditure of up to an additional \$800,000 of the Revitalization Reserve to provide credit enhancement for a second loan pool. The credit enhancement will last for a period of ten years after the date the loan is enrolled in the pool. All loans to be credit enhanced must be enrolled in the pool by January 2018.

In 2008, MHF committed \$10 million of the Unallocated Reserve to provide credit enhancement for certain single family refinancing loans made by private lenders under the Department’s Home Owners’ Preserving Equity (“HOPE”) initiative. The General Reserve was officially established by regulation in November 2008 to insure a broad range of programs, including the HOPE initiative. MHF transferred \$10 million of the Unallocated Reserve to the General Reserve on November 3, 2008 to insure loans under the HOPE initiative and other Department programs.

### **Additional Information**

For fiscal year 2003, the Maryland Department of Legislative Services asked MHF and the Administration whether there were funds available for transfer to the State. After being advised by Moody’s that a transfer, in and of itself, would not have an adverse effect on the rating of the Administration’s outstanding parity debt, including the Bonds, MHF transferred \$10 million from the Unallocated Reserve to the State. There was no transfer in 2004, 2005, 2006, or 2007. Legislation was enacted during the 2008 session requiring another \$10 million to be transferred, and beginning in

fiscal year 2010, any amount in the Unallocated Reserve at the end of any fiscal year that exceeds an amount necessary to provide backing for insurance issued by MHF by more than \$10 million, be transferred to the Department's revolving housing loan funds. During the fiscal years ending June 30, 2009, 2010, 2011, 2012, 2013 and 2014, MHF transferred \$3.6 million, \$2.2 million, \$2.7 million, \$2.1 million, \$1.1 million and \$0.77 million respectively. For more information, see "Management's Presentation of the MHF Program" below.

### **MANAGEMENT'S PRESENTATION OF THE MHF PROGRAM**

The following information is management's presentation of the MHF Program.

#### **Financial Statements and Information**

The financial statements of MHF for the fiscal years ended June 30, 2015 and June 30, 2014 have been audited by CohnReznick LLP. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles and the audits conducted in accordance with auditing standards generally accepted in the United States. The financial statements of MHF are reported on a consolidated basis combining results of operations for all of the MHF Programs.

#### **Income and Reserves**

MHF's income from insurance premiums is used to pay expenses.

MHF maintains five insurance reserves, which are separate from MHF's operating funds. Four of the reserves cover specific categories of insurance: the Multifamily Reserve, the Single Family Regular Program Reserve, the Revitalization Reserve, and the General Reserve. The investment earnings on each of the four specific reserves are credited to a fifth reserve, the Unallocated Reserve, which may be used to pay claims on all categories of insurance or may be transferred into any other reserve, or may be restricted for claims under a particular category. The Unallocated Reserve is available for any category of claims or for any other purpose consistent with contractual obligations with the Administration's bondholders. Prior to 2011, MHF had maintained a sixth reserve for the Home and Energy Loan Program. The reserve balance of \$500,000 was transferred into the Unallocated Reserve as the last loan insured under the program was paid off in fiscal year 2009.

The MHF Statute provides that any moneys of MHF that the Department creates as an identifiable insurance reserve may be used only in conformance with the terms and conditions creating that reserve. MHF Regulations provide that each reserve is maintained to pay claims arising from its respective category of insurance and may not be subject to claims arising from other categories of insurance except for the Unallocated Reserve. All reserves are held by the Office of the Treasurer of the State, which credits MHF with interest income based on the total reserve balance for the benefit of MHF.

MHF does not insure the Bonds, and the assets of MHF are not available to the Administration or the Trustee to satisfy obligations to holders of the Bonds. The obligation of MHF is limited to the payment of mortgage insurance claims as described herein. An insurance claim against MHF is payable from and limited to the applicable MHF reserve and does not constitute a general obligation of MHF, the Department, or the State.

## **Statements of Net Assets Discussion**

During the fiscal year ending June 30, 2014, the overall equity decreased from \$73,667,308 at June 30, 2013 to \$72,930,515. The net decrease of \$736,793 is primarily due to actual and anticipated insurance losses on acquired single family properties, and general administration costs allocated to MHF. During the fiscal year ending June 30, 2015, the overall equity decreased from \$72,930,515 at June 30, 2014 to \$72,129,105 at June 30, 2015. The net decrease of \$801,410 is primarily due to insurance claim payments for losses of the short sales and third party sales of single family properties.

The Unrestricted Accumulated Deficit is a part of the overall equity. The Unrestricted Accumulated Deficit, which decreases when claims are paid from the insurance reserves, represents the cumulative net income (loss) of MHF since its inception less any investment income earned on the insurance reserves. When MHF's insurance reserves are greater than its net position, there will be an accumulated deficit in the net position section of the MHF Statement of Net Assets.

In fiscal year 2014, MHF paid claims directly from the reserve funds resulting in a decrease to the Unrestricted Accumulated Deficit from \$11,843,619 to \$11,733,114. During the fiscal year ending June 30, 2015, the Unrestricted Accumulated Deficit decreased from \$11,733,114 to \$11,215,354. The net decrease of \$517,760 is due to an overall reduction of general and administrative expenses.

## **Discussion of Changes in Net Position**

During the fiscal year ending June 30, 2014, MHF reported a Change in Net Position of \$33,113. The net increase of \$7,359,206 is due primarily to decrease in allowance for insurance losses from single family properties, net losses of sales of acquired single family properties and general administration expenses.

During the fiscal year ending June 30, 2015, MHF reported a Change in Net Position of \$77,687. The net change is due primarily to a reduction in general and administrative expenses.

As described below in "Single Family Information – Certain Additional Expected Single Family Claims" and "Multifamily Information – Certain Additional Expected Multifamily Claims," the Administration has notified MHF of defaults under insured mortgages that were expected to result in additional claims to MHF. Payment of these claims is not reflected in MHF's Statement of Net Assets; however, MHF included provisions for these claims in its allowance for unpaid insurance losses.

## Discussion of Operating Cash Account

### Selected Activity in MHF's Operating Cash Account

The following table is management's presentation of selected activity in MHF's operating cash account as of June 30, 2015.

|  | <u>Single Family</u>         | <u>Multifamily</u>       | <u>Total</u>                 |
|--|------------------------------|--------------------------|------------------------------|
| Premiums Collected <sup>(1)</sup>      | \$ 192,781                   | \$ 1,262,228             | \$ 1,455,009                 |
| Operating Expenses Paid <sup>(2)</sup> | (1,216,098)                  | (994,994)                | (2,211,092)                  |
| Premiums Net of Operating Expenses     | (1,023,317)                  | 267,234                  | (756,083)                    |
| Claims <sup>(3)</sup>                  | (1,391,000)                  | -                        | (1,391,000)                  |
| Recoveries <sup>(4)</sup>              | 97,406                       | 285,062                  | 382,468                      |
| Net Claim Activity                     | (1,293,595)                  | 285,062                  | (1,008,532)                  |
| Other <sup>(5)</sup>                   | -                            | 56,230                   | 56,230                       |
| <b>Net Cash from Selected Activity</b> | <b><u>(\$ 2,316,912)</u></b> | <b><u>\$ 608,527</u></b> | <b><u>(\$ 1,708,385)</u></b> |

#### Notes:

<sup>(1)</sup> Premiums collected as stated in the Statement of Cash Flows.

<sup>(2)</sup> Operating expenses include salaries and benefits, general administrative and intradepartmental expenses.

<sup>(3)</sup> Amount includes principal, interest, and supplemental expenses incurred on claims and carrying costs on acquired properties.

<sup>(4)</sup> Includes proceeds collected on the sale of loans or acquired properties.

<sup>(5)</sup> Amount includes changes in other assets and liabilities such as mortgage receivables, notes payables, and escrows.

During the fiscal year ending June 30, 2014, the net cash activity in MHF's operating cash was (\$1,894,712) for Single Family and \$125,496 for Multifamily. The change in Single Family is due to decrease in recoveries. The change in Multifamily is due to increase in recoveries.

During the fiscal year ending June 30, 2015, the net cash activity in MHF's operating cash was (2,316,912) for Single Family and \$608,527 for Multi-Family. The change in Single Family is due to fewer premiums received and claims paid. The change in Multi-Family is due to premiums received.

## Liquidity

MHF's primary uses of funds are to pay its operating expenses (direct and indirect) and to satisfy Multifamily and Single Family claims under its insurance policies resulting from a loan default (payment or physical) by an insured borrower. In general, MHF's insurance policies require MHF to pay claims to the lender, which includes the total principal outstanding, interest in arrears (through foreclosure), and other expenses associated with a failed real estate loan (e.g., foreclosure costs, negative escrows, etc.). MHF generally acquires a loan or property with the payment of the claim. The proceeds of the sale of this asset are deducted from the original claim to derive the net loss (or net gain) associated with the defaulted loan claim.

In addition to the proceeds from the sale of assets acquired through the payment of claims, MHF's primary revenue sources result from mortgage insurance premiums paid by the borrowers and the investment earnings on insurance reserves. These assets, together with the corpus of the reserves held by MHF, are available to pay insurance claims and related expenses. The available reserves are leveraged against insurance commitments outstanding. Calculations for the leverage ratios are shown in "Discussion of Leverage Ratios" below.

To manage MHF's resources effectively from both a business and liquidity sense, the management of MHF has developed several claim paying strategies. For Multifamily defaulted loans, MHF may pay a debt service claim after a borrower has missed a total of six monthly payments. These claim payments represent any unpaid principal and interest due from the regular scheduled payment. While making these monthly payments, MHF, working with the Administration, attempts to work out the loan in order to minimize its loss. When the final workout of the loan is completed, MHF either pays a partial claim or pays the full claim. A workout may be accomplished through (a) refinancing of the loan after re-underwriting the debt to enable the project to meet debt service from net operating income or (b) payment of claims and resale of the asset to minimize the total size of the claim.

For Single Family defaulted loans, MHF generally requires the lender to foreclose on the loan and secure the property before it pays the claim. This affords MHF the ability to begin marketing the property for re-sale at the same time it has paid out the cash. MHF attempts to resell Single Family properties in a manner that provides for recoveries as soon as possible while minimizing holding costs. While MHF strives to sell its Real Estate Owned (REO) to homebuyers, its desire to conduct quick turnaround sales does necessitate the selling of a significant portion of the REO to investors and non-profit organizations. Selling to investors generally increases the overall net loss on the claim to MHF.

## **Discussion of Leverage Ratios**

MHF operates its Single Family insurance in accordance with an insurance agreement with the Administration dated as of August 1, 2010 (the "2010 Single Family Insurance Agreement"). Claims under the 2010 Single Family Insurance Agreement may be paid from the Single Family Regular Program Reserve.

The 2010 Single Family Insurance Agreement amended and restated an insurance agreement dated as of May 14, 1980 (the "1980 Single Family Insurance Agreement") and an insurance agreement dated as of June 20, 2005. Under the 1980 Single Family Insurance Agreement, pool insurance was provided for single family mortgages financed under a bond resolution for which no bonds remain outstanding. As of August 1, 2010, under the 2010 Single Family Insurance Agreement, MHF was released from the obligation to provide pool insurance under the 1980 Single Family Insurance Agreement.

Under the 2010 Single Family Insurance Agreement, MHF has contracted with the Administration that, except as necessary to pay claims or advances on claims, MHF will not permit the ratio of the aggregate dollar amount of the Single Family insurance to assets in the Single Family Reserve (as may be reduced as described below) to exceed 25 to 1, and that no new insurance payable from the Single Family Reserve shall be issued or committed to, if upon such issuance or commitment and subsequent issuance, that ratio would be exceeded.

Due to MHF having never insured loans that were securitized by Fannie Mae, on April 4, 2014 MHF notified Fannie Mae of its intent to cease seeking certification as a Fannie Mae qualified insurer and requested that Fannie Mae remove MHF from its list of eligible mortgage insurance providers. The Administration and MHF have entered into the

First Amendment to Insurance Agreement Between the Maryland Housing Fund and the Community Development Administration, dated as of April 30, 2014, which eliminates the obligation of MHF to take all actions necessary for the qualification of Single Family Regular Program insurance as mortgage insurance from a qualified insurer within the meaning of Section 3.02(6)(2) of the Fannie Mae Charter Act.

### Selected Information about the Single Family Regular Reserve Ratios

|  | <u>06/30/13</u> | <u>06/30/14</u> | <u>06/30/15</u> |
|--|-----------------|-----------------|-----------------|
| Single Family Regular Program Reserve <sup>(1)(2)</sup>                                      | \$ 19,250,357   | \$ 18,293,869   | \$ 16,998,461   |
| Amount Available for Calculation of "Ratio of Insurance to Available Reserve" <sup>(3)</sup> | 19,250,357      | 18,293,869      | 16,998,461      |
| Primary Insurance coverage in force <sup>(4)</sup>   |                 |                 |                 |
| Insurance Agreement prior to 2005  | 11,760,376      | 9,981,763       | 9,045,862       |
| Insurance Agreement post 2005  | 24,255,146      | 22,156,824      | 19,732,726      |
| Pool Insurance coverage in force <sup>(5)</sup>  | -               | -               | -               |
| Reinsurance Program <sup>(6)</sup>   | 2,336,884       | -               | -               |
| Ratio of Mortgage Loans to the Regular Reserve <sup>(7)</sup>                                | 1.87 to 1       | 1.76 to 1       | 1.69 to 1       |

**Notes:**

<sup>(1)</sup> The Single Family Program does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of June 30, 2015, MHF had committed no additional primary insurance coverage.

<sup>(2)</sup> Fund balances for MHF reserves are calculated in the same manner as in the financial statements of MHF and include investment income earned and allocated by the Secretary to the Single Family Regular Program Reserve.

<sup>(3)</sup> In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Reserve or the Multi-Family Reserve may be reduced in a manner determined by MHF to be appropriate. As of June 30, 2015, there was no reduction in the Single Family Reserve to cover the accumulated deficit.

<sup>(4)</sup> The primary insurance coverage is 25% of the allowable claim for loans insured prior to 2005 under the Single Family Insurance Agreement (\$36,183,449 at June 30, 2015). The primary insurance coverage is 35% of the allowable claim for loans insured under the 2005 Single Family Insurance Agreement (\$56,379,218 at June 30, 2015).

<sup>(5)</sup> In 2010, MHF provided pool coverage for certain loans done by the Administration prior to 1997. Effective August 1, 2010 the Administration released MHF from any obligation to provide pool insurance for MHF Pool-Insured Loans.

<sup>(6)</sup> Effective January 1, 2011, MHF and the Administration entered into a Reinsurance Program for loans that the Administration had originated between 2005 and 2010. Under this program, MHF committed up to \$12.5 million to cover losses incurred by the Administration. See further detail under supplemental 2010 Single Family Insurance Agreement. The Reinsurance Program terminated in May 2014 when MHF had paid \$12.5 million in net losses.

<sup>(7)</sup> The ratio in the table is computed based on the maximum amount of risk rather than the aggregate amount of mortgage loans insured, where the maximum amount of risk is calculated by taking (i) the aggregate amount of pool insurance coverage required for the Administration; and then adding to that product (ii) the maximum amount of risk on loans insured under the Single Family Regular Program (see 4 above), and then dividing the sum of those two amounts by (iii) the amount of the Single Family Regular Program Reserve. As of June 30, 2011, MHF fully allowed for the \$12.5 million for the Reinsurance Program by reducing the amount from the Single Family Regular Reserve Program. Therefore, the aggregate amount of reinsurance coverage is not included in the ratio.

MHF operates its multifamily insurance in accordance with an amended and restated insurance agreement dated February 12, 2006, with the Administration (the "Insurance Agreement").

Under the Insurance Agreement, MHF has contracted with the Administration that, except as necessary to pay claims or advances on claims, MHF will not permit the ratio of Multifamily insurance to assets in the Multifamily Reserve (as may be reduced as described below) to exceed 10 to 1, and that no new insurance payable from the Multifamily Reserve shall be issued or committed to if upon such issuance or commitment and subsequent issuance the ratio would exceed 10 to 1. (Under the terms of the Insurance Agreement, loans insured by MHF that are reinsured without contingent liability on the part of MHF are not taken into account in determining MHF's compliance with the maximum 10 to 1 ratio of amounts insured to assets in the Multifamily Reserve).

**Selected Information about the Multifamily Reserve Ratios**

|  | <u>06/30/13</u> | <u>06/30/14</u> | <u>06/30/15</u> |
|--|-----------------|-----------------|-----------------|
| Total Multifamily Reserve <sup>(1)</sup>   | \$ 44,698,739   | \$ 44,698,739   | \$ 44,698,739   |
| Amount Available for Calculation of "Ratio of Insurance to Available Reserve" <sup>(2)</sup> | 43,625,027      | 43,844,723      | 43,483,386      |
| Insurance Outstanding  |                 |                 |                 |
| Multifamily mortgage insurance in force  | 143,802,497     | 154,650,410     | 149,156,990     |
| Ratio of Insurance to Available Reserve  | 3.30 to 1       | 3.53 to 1       | 3.43 to 1       |

**Notes:**

<sup>(1)</sup> The Multi-Family Reserve does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of June 30, 2015, MHF had committed to additional mortgages in the amount of \$4,790,773.

<sup>(2)</sup> In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Reserve or the Multi-Family Reserve may be reduced in a manner determined by MHF to be appropriate. As of June 30, 2015, there was \$1,215,353 reduction in the MF Reserve to cover the accumulated deficit.

The total amount of the Multifamily Reserve is available to pay multifamily insurance claims. In addition, to the extent available, MHF could elect to pay all or part of any multifamily claim from the Unallocated Reserve or from operating funds. MHF maintains other reserves that are not available to pay such claims (e.g., the Single Family Regular, Revitalization, and General Reserves).

## SINGLE FAMILY INFORMATION

### Additional Single Family Claims Potential

Under its Single Family Regular insurance program, MHF is not obligated to pay claims on Single Family insurance until after the insured lender has completed foreclosure, evicted the occupants of the properties (if necessary) and restored the property to a condition satisfactory to MHF. As a result, at any time there are a number of mortgages that have been foreclosed and which are likely to result in payment of claims but which have not yet reached the point where MHF recognizes them as liabilities in its financial statements. The total principal amount of such potential claims was \$2,047,280 as of June 30, 2015. On a quarterly basis, MHF includes its projection of net losses with respect to these potential claims in its financial statements as part of the allowance for Single Family insurance losses. Although these amounts are not payable from the Multifamily Reserve, they are potentially payable from other resources of MHF, including operating cash, the Unallocated Reserve and the Single Family Reserve.

### Discussion of Single Family Operations

MHF has taken steps to address the potential Single Family claims. A part of this focus is applying more active loss mitigation strategies to Single Family loans to prevent them from going to foreclosure, including forbearance and extended repayment plans. In addition, operational reviews of the loan servicers are ongoing. The reviews are intended to insure that loss mitigation strategies are being pursued in applicable cases.

MHF is also managing its sales of units acquired through foreclosure or similar action to improve overall returns by employing a private sector real estate broker to perform repairs, listings and sales of all REO units.

### Single Family Claims Experience

The following chart sets forth information about claims on mortgage loans insured under the Single Family Regular Program Reserve and the Revitalization Reserve. This data includes net claim activity for properties sold during fiscal years ending June 30, 2013, June 30, 2014 and June 30, 2015. The data for all of these reporting periods are subject to adjustment due to additional expenses paid and proceeds received after June 30, 2015.

#### Single Family Claims Experience

|  | <u>06/30/2013</u> | <u>06/30/14</u> | <u>06/30/15</u> |
|--|-------------------|-----------------|-----------------|
| Recoveries on Sales of Properties Acquired Through Claims During the Fiscal Year | \$ 15,911,690     | \$ 6,912,931    | \$ 97,406       |
| Claims Paid on Acquired Properties Sold During the Fiscal Year                   |                   |                 |                 |
| Principal  | (26,602,915)      | (10,690,616)    | 151,299         |
| Interest   | -                 | -               | -               |
| Expenses and Carrying Costs  | (756,618)         | -               | -               |
| Total Claims Paid  | \$ (27,359,533)   | \$ 10,690,616   | \$ 151,299      |
| Net Loss on Acquired Properties Sold During the Fiscal Year                      | \$ (11,447,843)   | \$ (3,777,685)  | \$ (53,893)     |

## **2010 Single Family Insurance Agreement**

The 2010 Single Family Insurance Agreement provides as follows:

- (1) MHF will not decrease the amount of funds in the Single Family Regular Program Reserve as increased from time to time for any reason except to pay claims and advances against claims arising under the Program and for expenditures with respect to properties acquired by MHF as a result of payment of such claims.
- (2) Except as necessary to pay claims and advances on claims and except for expenditures with respect to properties acquired by MHF as a result of payment of such claims, MHF will not exceed a certain leverage ratio. See “Management’s Presentation of the MHF Program – Discussion of Leverage Ratios.”
- (3) MHF and the Administration agree that MHF is released from any obligation to continue to provide pool insurance for loans originally covered by pool insurance under the 1980 Single Family Insurance Agreement.

### **Terms of Single Family Insurance Coverage**

MHF insures mortgage loans on one-to-four family structures under its Single Family Regular Program, which includes the Primary Insurance Program and the Pool Insurance Program.

*Pool Insurance.* Effective August 1, 2010, MHF was released from any obligation to provide pool insurance for loans originally covered by pool insurance under the 1980 Single Family Insurance Agreement.

*Reinsurance.* Effective January 1, 2011, MHF and the Administration entered into a Reinsurance Program for loans that the Administration had originated between 2005 and 2010 that had only 35% mortgage insurance coverage. Under this program, the Administration pays a monthly premium for MHF to insure 50% of any losses incurred on the uninsured 65% up to \$12.5 million. The program terminates on the earliest date of either when MHF has paid \$12.5 million in claims or December 31, 2020. The program terminated in May 2014 when MHF had paid \$12.5 million in net losses.

*Payment of Claims,* MHF pays all claims in cash and may settle under one of four options:

- (1) Loan Assignment – MHF takes an assignment of the mortgage and pays the claim (but not including expenses of foreclosure and acquisition of title);
- (2) Fixed Percentage Settlement – claim settlement under this option is applicable when MHF provides for payment based on a declared percentage of the outstanding loan amount before foreclosure sale, and MHF, under this method, also waives any interest in the subject property;
- (3) Lender Acquisition Settlement – the lender acquires title at foreclosure (or by deed in lieu of foreclosure) and transfers title to MHF, and MHF pays the amount of the claim up to the percentage specified in the insurance policy; and

- (4) Third Party Acquisition – when the property is sold to a third party (at foreclosure, by the lender after taking a deed in lieu of foreclosure, or by the borrower after the commencement of foreclosure proceedings, with the approval of MHF, MHF pays the lesser of the percentage specified in the primary policy before crediting net sales proceeds or the full claim after crediting net proceeds of sale.

For claims paid under the Lender Acquisition Settlement method, MHF requires the Administration to take all steps required after default in order to deliver the property to MHF in a condition satisfactory to MHF. These steps may include foreclosure, eviction of the occupants if necessary, and cleaning of the property. As a result, a substantial period of time may elapse between the time an insured loan goes into default and payment of a claim. MHF Regulations regarding Single Family mortgage insurance do not require MHF to pay interest on a claim from the time an insured lender acquires title to the property, or from the date MHF agrees to take a Loan Assignment or make a Fixed Percentage Settlement, to the time the claim is paid. Claims are not paid after the title to the property has been conveyed, which is at least 60 days after foreclosure and could be longer.

MHF will review cases that involve claims of more than nine months of delinquent interest on a case by case basis to ascertain the cause for the delayed claim and determine the amount of interest, if any, in excess of nine months to be paid. Interest will be paid in excess of nine months where circumstances beyond the control of the insured lender caused the delay in making the claim, such as the filing of bankruptcy by the mortgagor.

### **MULTIFAMILY INFORMATION**

#### **Multifamily Insurance in Force and Available Reserves**

The following table sets forth information about outstanding insurance on mortgage loans under MHF's Multifamily program as of June 30, 2015. The amounts shown are net of debt service claim payments. The amounts shown do not include insurance on mortgage loans insured by MHF and reinsured by FHLMC. See "The FHLMC Reinsurance Agreement" below. The reinsured mortgage loans had an aggregate principal balance at June 30, 2015 of \$1,279,588.

In addition to the loans listed below, as of June 30, 2015, nine Single Family loans financed with the proceeds of Housing Revenue Bonds of the Administration, with outstanding principal balances in the aggregate amount of \$51,721 are insured under the Multifamily Reserves.

**Outstanding Multifamily Insurance as of June 30, 2015**

| <b>Lender</b>   | <b>Units</b> | <b>No. of Loans</b> | <b>Original Insured Principal Amount</b> | <b>Current Balances</b> |
|---|--------------|---------------------|--|-------------------------|
| CDA permanent financing on large multi-family projects <sup>(1)</sup>   | 5,919        | 64                  | 154,188,005                              | 126,001,837             |
| CDA Demonstration Program <sup>(2)</sup>                                |              | 3                   | 3,670,000                                | 2,759,098               |
| CDA Single-Family loans under Multi-Family Reserves                     | 9            | 9                   | 341,900                                  | 51,721                  |
| CDA Special Housing Opportunity Program (SHOP) <sup>(3)</sup>           | 497          | 152                 | 27,471,668                               | 17,292,800              |
| Montgomery County Housing Opportunities Commission (HOC) <sup>(4)</sup> | 168          | 2                   | 3,103,255                                | 3,103,255               |
| <b>TOTAL</b>  | <b>6,593</b> | <b>230</b>          | <b>\$ 188,774,828</b>                    | <b>\$ 149,208,711</b>   |

<sup>(1)</sup> Loans financed with proceeds of the Administration’s Housing Revenue Bonds and the Administration’s Multi-Family Residential Revenue Bonds (Insured Mortgage Loans). The loans provided permanent financing for construction and permanent for developments located in 12 counties and the City of Baltimore. The 60 projects (not including SHOP) contain 5919 units that are assisted under the Section 8 Program.

<sup>(2)</sup> On December 9, 2014, CDA and MHF created a new Demonstration Program whereby MHF insures short term loans. By utilizing MHF for this purpose, borrowers may avoid the need to obtain costly letters of credit.

<sup>(3)</sup> Loans financed with proceeds of the Administration’s Special Housing Opportunities Program.

<sup>(4)</sup> Insurance issued to the Housing Opportunities Commission of Montgomery County (“HOC”) to insure loans financed with proceeds of bonds issued by HOC. The mortgage loans provided financing for developments containing 168 units. The mortgage loans were initially endorsed for insurance between 1980 and 1996.

Charts detailing the multifamily loans insured by MHF and financed by the Administration may be found in the Administration’s filings in accordance with Rule 15c2-12 of the Securities and Exchange Commission with the Electronic Municipal Market Access (“EMMA”) for Housing Revenue Bonds and for Multifamily Housing Revenue Bonds (Insured Mortgage Loans).

**Certain Additional Expected Multifamily Claims**

MHF Regulations provide that after a multifamily mortgage loan insured by MHF has been in default for six months, the Administration or any other public agency that is an insured lender may require that the mortgage loan be assigned to MHF and an insurance claim paid by MHF to the Administration or such public agency. MHF currently has no loans in financial default.

## Discussion of Multifamily Operations

*Portfolio Risk Rating.* Since June 1997, the Department has developed and implemented a rating system for the MHF-insured Multifamily portfolio. The Division evaluates each insured project each quarter and assigns the loan a rating of “A,” “B,” or “C.” Factors considered in evaluating projects include the project type, the vacancy level, net operating income and debt service coverage ratio, whether the mortgage is delinquent, the age of the loan and the age of the project, whether there is significant deferred maintenance, adequacy of funds held in reserve for replacements in relation to age and condition of project, rating by the Division in its annual management review, and stability of the market surrounding the property.

“A” Projects are those projects that require no more than standard attention because no factors indicate the prospect of default.

“B” Projects are those projects which are not in default but require more oversight and monitoring and present the possibility for default if existing conditions deteriorate further.

“C” Projects are those projects that are in financial or physical default.

### MHF’s Risk Rating of the Multifamily Projects as of June 30, 2015

|                           | Current Principal<br>Balances | Percentage of<br>Total Principal | Number of<br>Loans | Number of<br>Projects |
|---------------------------|-------------------------------|----------------------------------|--------------------|-----------------------|
| "A" Loans: <sup>(1)</sup> | 260,734,907                   | 92.80%                           | 60                 | 54                    |
| "B" Loans:                | 20,215,035                    | 7.20%                            | 10                 | 10                    |
| Portfolio Totals:         | 280,949,942                   | 100.00%                          | 70                 | 64                    |

#### Notes:

<sup>(1)</sup> Included in the 'A' Loans, in the “Current Principal Balance” column, is \$17,292,800 for 152 group home loans, which are not reflected in the 'Number of Loans' or 'Number of Projects' columns.

*Portfolio Management.* The Division is evaluating each of the loans in the “B” category to develop a plan for stabilizing the loans and reducing its potential for default. Strategies may include loan modification, use of additional resources, adjustments to funding of reserves for replacement going forward, and replacement of management agents. As of June 30, 2015, there were no loans in the “C” category.

## Multifamily Claims Experience

The following chart describes claims paid by MHF on loans insured under the Multifamily Reserve as of June 30, 2015.

In the column entitled “Claims Net of Cash Recoveries,” the figures show the result as of June 30, 2015. Workouts are in progress. See the individual footnotes below for further information.

**MULTIFAMILY CLAIMS PAID BY MHF**  
**As of June 30, 2015**

| Development/Claim Status                        | Principal   | Interest &<br>Carrying Costs | Total        | Recoveries  | Claims Net of<br>Cash<br>Recoveries | Date<br>Claim<br>Paid |
|---|-------------|------------------------------|--------------|-------------|-------------------------------------|-----------------------|
| <u>Closed Claims</u>                            |             |                              |              |             |                                     |                       |
| Single Family Mortgage Loans <sup>(1)</sup>     | \$ 309,392  | \$ -                         | \$ 309,392   | \$ 346,620  | \$ 37,228                           | Various               |
| Beethoven Apartments                            | 40,000      | -                            | 40,000       | 40,000      | -                                   |                       |
| Dougllynne Woods & Rhoda's<br>Legacy            | 566,658     | -                            | 566,658      | 566,658     | -                                   | 04/1982               |
| Bond Street <sup>(2)</sup>                      | 543,940     | 71,711                       | 615,651      | 408,859     | (206,792)                           | 08/1989               |
| Bellevue-Manchester <sup>(3)</sup>              | 288,333     | -                            | 288,333      | -           | (288,333)                           | 10/1990               |
| Strathdale Manor Apartments <sup>(4)</sup>      | 10,700,000  | 2,376,830                    | 13,076,830   | -           | (13,076,830)                        | 05/1994               |
| Walker Mill <sup>(5)</sup>                      | 3,346,441   | 1,229,080                    | 4,575,521    | 2,314,817   | (2,260,704)                         | 01/1997               |
| Edmondale <sup>(6)</sup>                        | 457,739     | 24,206                       | 481,945      | -           | 481,945                             | 04/1997               |
| Town Properties <sup>(7)</sup>                  | 819,111     | 12,493                       | 831,604      | 582,989     | (248,615)                           | 07/1997               |
| Loch Raven <sup>(8)</sup>                       | 12,103,623  | 1,065,472                    | 13,169,095   | 9,080,444   | (4,088,651)                         | 02/1998               |
| Village Home Apartments <sup>(9)</sup>          | 954,202     | 55,182                       | 1,009,384    | 649,523     | (359,861)                           | 12/1998               |
| Regent Apartments <sup>(10)</sup>               | 1,227,455   | 72,446                       | 1,299,901    | 860,603     | (439,298)                           | 01/1999               |
| Maple Avenue <sup>(11)</sup>                    | 3,053,892   | 211,540                      | 3,265,432    | 1,748,397   | (1,517,035)                         | 06/1999               |
| Westfield Apartments <sup>(12)</sup>            | 4,401,438   | 390,924                      | 4,792,362    | 2,910,539   | (1,881,823)                         | 11/1999               |
| Westfield Gardens <sup>(13)</sup>               | 496,757     | 1,735                        | 498,492      | 279,435     | (219,057)                           | 11/1999               |
| Apartments at the Greens <sup>(14)</sup>        | 6,337,284   | 21,927                       | 6,359,211    | 6,010,026   | (349,185)                           | 11/1999               |
| Stewarttown <sup>(15)</sup>                     | 2,543,590   | -                            | 2,543,590    | 2,150,000   | (393,590)                           | 12/1999               |
| Telephone Apartments <sup>(16)</sup>            | 1,030,275   | 33,569                       | 1,063,844    | 773,833     | (290,011)                           | 01/2001               |
| Robinwood Townhomes <sup>(17)</sup>             | 2,451,741   | 218,057                      | 2,669,798    | 2,630,807   | (38,991)                            | 11/2001               |
| North Avenue Terraces <sup>(18)</sup>           | 1,155,285   | 48,762                       | 1,204,047    | 750,000     | (454,047)                           | 07/2002               |
| SHOP Loans <sup>(19)</sup>                      | 772,987     | 78,925                       | 851,912      | 725,068     | (126,844)                           | 03/2001               |
| Bell Haven Apartments <sup>(20)</sup>           | 5,856,640   | 2,449,128                    | 8,305,768    | 5,842,157   | (2,463,611)                         | 03/1996               |
| Quail Run/Bay Street Properties <sup>(21)</sup> | 1,182,578   | 37,677                       | 1,220,255    | 1,186,575   | (33,680)                            | 03/2003               |
| Tomall Apartments <sup>(22)</sup>               | 152,885     | 994                          | 153,879      | 75,000      | (78,879)                            | 06/2004               |
| Market Mews <sup>(23)</sup>                     | 1,700,014   | 1,565,862                    | 3,265,876    | 2,168,828   | (1,097,048)                         | 12/1985               |
| Eastdale <sup>(24)</sup>                        | 3,302,667   | 320,060                      | 3,622,727    | 3,622,727   | -                                   | 11/1999               |
| Villages of Laurel <sup>(25)</sup>              | 5,036,854   | 607,133                      | 5,643,987    | 5,643,987   | -                                   | 11/1999               |
| Hollins Townhouses <sup>(26)</sup>              | 2,445,475   | 1,073,289                    | 3,518,764    | 2,052,599   | (1,466,165)                         | 10/1990               |
| <u>Claims where debt is outstanding</u>         |             |                              |              |             |                                     |                       |
| Renaissance Plaza <sup>(27)</sup>               | \$6,907,349 | \$4,680,554                  | \$11,587,903 | \$5,071,731 | (\$6,516,168)                       | 02/1991               |
| Mount Pleasant <sup>(28)</sup>                  | \$3,506,595 | \$601,296                    | \$4,107,891  | \$4,066,175 | (41,716)                            | 02/1996               |
| <u>Claims where REO is held</u>                 |             |                              |              |             |                                     |                       |
| Lease-Purchase <sup>(29)</sup>                  | \$1,534,088 | \$ 82,619                    | \$ 1,616,707 | \$901,933   | \$ (714,774 )                       | 05/1996               |

**Notes:**

- <sup>(1)</sup> Claims on eight Single Family loans insured under the Multi-Family Reserve before 1980.
- <sup>(2)</sup> Bond Street Deed of Trust Note in the original principal amount of \$543,940.
- <sup>(3)</sup> Belleview-Manchester was a Construction Loan under Administration's HELP Program; secured by a second mortgage. First insured lender bought property at the foreclosure sale.
- <sup>(4)</sup> Strathdale Manor Apartments Deed of Trust Note in the original principal amount of \$14,285,000. Claim amount paid by MHF included \$10,700,000 of original principal on the Note and \$145,139 in interest. MHF paid \$2,205,204 of operating deficits for the project. The proceeds of a letter of credit in the amount of \$3,585,000 provided by Maryland National Bank were used to cover the rest of the original principal portion of the Note. As required by an intercreditor agreement between MHF and Maryland National Bank, MHF filed for foreclosure on August 4, 1994, and after prolonged negotiations with Baltimore City, the project developer, and other developers interested in further renovating the project proved unsuccessful, the property was sold to Baltimore City at foreclosure on April 15, 1997. The property was sold for an amount that was insufficient to provide any recovery to MHF.
- <sup>(5)</sup> Walker Mill Deed of Trust Note in the original principal amount of \$4,400,000, as modified by an allonge dated November 5, 1987, reducing the principal amount of the Note to \$3,400,000. The Deed of Trust Note was sold and assigned to an unrelated third party purchaser on February 6, 1997.
- <sup>(6)</sup> Edmondale Deed of Trust Note was in the original principal amount of \$508,000.
- <sup>(7)</sup> Town Properties Deed of Trust Note in the original principal amount of \$884,984. The property was sold to an unrelated third party at foreclosure on August 7, 1997.
- <sup>(8)</sup> Loch Raven Deed of Trust in the original principal amounts, as amended into two, Deed of Trust Notes: of \$9,765,000 and \$2,785,000, respectively. In return, the Administration accepted a demand note from MHF in the principal amount of \$11,782,615, the amount of the outstanding indebtedness net of the non-refundable deposit for the sale of the Deed of Trust Notes bearing interest at 8.25%. The Deed of Trust Notes were sold and assigned to an affiliate of the borrower on February 3, 1998. MHF received net sale proceeds in the amount of \$8,900,000, which were combined with additional claim payments totaling \$2,890,216 to repay the claim note and accrued interest. The net loss on the transaction was paid from the Unallocated Reserve.
- <sup>(9)</sup> Village Home Apartments Deed of Trust Note in the original principal amount of \$986,856, dated September 30, 1993. The property was sold for \$640,000. The Administration accepted a claim note from MHF for \$1,009,109. MHF paid \$318,664 plus \$50,720 paid previously as pre-claim payments and \$275 per diem interest and then signed over the proceeds to repay the claim note in December 1999.
- <sup>(10)</sup> Regent Apartments Deed of Trust Note in the original principal amount of \$1,255,000 dated September 16, 1994. The property was sold for \$860,603. The Administration accepted a claim note from MHF for \$1,299,265. MHF paid \$383,187 plus \$55,475 paid previously as pre-claim payments and \$636 per diem interest and then signed over the proceeds to repay the claim note in January 1999.
- <sup>(11)</sup> Maple Avenue Deed of Trust Note in the original principal amount of \$3,150,000 dated March 12, 1992. The property was sold for \$1,700,000 less settlement charges. The Administration accepted a claim note from MHF for \$2,953,878. MHF paid \$1,288,286 plus \$310,294 paid previously as pre-claim payments, \$1,259 per diem interest, signed over the proceeds, and, with \$10,000 received directly by the Administration, repaid the claim note in June 1999.
- <sup>(12)</sup> Westfield Apartments Deed of Trust Note in the original principal amount of \$4,600,000 dated April 12, 1983. The property was sold for \$2,910,539. MHF paid a partial claim in the amount of \$1,433,520 that includes \$390,924 of accrued interest plus \$448,303 paid previously as pre-claim payments.
- <sup>(13)</sup> Westfield Gardens Deed of Trust Notes in the original principal amounts of \$498,908 and \$28,150 dated September 21, 1983. The property was sold for \$279, 435. MHF paid a partial claim in the amount of \$180,318, which included \$1,735 of accrued interest, plus \$38,739 paid previously as pre-claim payments.
- <sup>(14)</sup> Apartments at the Greens Deed of Trust Notes in the original principal amounts of \$6,348,627 and \$341,850 dated April 21, 1983. The property was sold for \$6,010,026. MHF paid a partial claim in the amount of \$302,222, which included \$21,927 of accrued interest, plus \$46,963 paid previously as pre-claim payments.
- <sup>(15)</sup> Stewarttown Deed of Trust Note in the original principal amount of \$3,136,100 dated July 18, 1975. The property was sold for \$2,150,000. MHF paid a partial claim payment in the amount of \$393,590.

<sup>(16)</sup> In May 1993, MHF paid a partial claim on a project called Telephone Apartments, in the amount of \$291,487 for which a promissory note has been received. On February 8, 2001, MHF sold the Deed of Trust Note. The proceeds of the sale exceeded the claim paid to the Administration by MHF by \$1,477. The partial claim of \$291,487 will not be repaid. MHF had an allowance for loan loss for the full amount of this note.

<sup>(17)</sup> Robinwood Townhomes Deed of Trust Note was in the original principal amount of \$2,641,750. MHF paid a claim in full in the amount of \$2,653,883 on November 9, 2001. MHF foreclosed on this property on November 15, 2001. MHF sold the property for the purchase amount of \$2,410,000. The Circuit Court of Baltimore City ratified the sale on January 10, 2002. On June 24, 2002, MHF collected \$2,330,331 in net sales proceeds.

<sup>(18)</sup> In July 2002, MHF issued a claim note to the Administration and accepted assignment of an insured Deed of Trust and Deed of Trust Note in the original principal amount of \$1,350,000 that financed a project known as North Avenue Terrace. MHF sold the Deed of Trust Note and received sales proceeds in the amount of \$750,000 on July 25, 2002. MHF paid the claim note in full with payment to the Administration in the amount of \$1,145,826 on July 30, 2002.

<sup>(19)</sup> Nine Deed of Trust Notes in the original principal amounts of \$833,650 for the various SHOP loans. MHF paid full claim payments on the nine loans in the amounts of \$824,224. In March 2001, MHF accepted five loan assignments in the original principal amount of \$502,950. MHF paid full claims on the five loans for \$491,062 and received full recovery on the first and fourth loans by virtue of third party sales at foreclosure on June 7, 2001. MHF realized losses on the sale of the second and third loans of approximately \$27,000 and \$22,000, respectively. MHF realized a loss of approximately \$40,000 on the fifth loan by virtue of third party purchasing on June 7, 2001. In August 2001, MHF accepted one assignment in the principal amount of \$108,000. MHF paid a full claim on the loan for \$106,372 and realized full recovery at a third party foreclosure sale on August 16, 2001. In October 2001, MHF accepted another three assignments in the original principal amount of \$222,700. MHF paid full claims on the three loans for \$226,790 and received full recovery on one loan at the third party foreclosure sale on June 13, 2002. MHF realized losses of approximately \$18,000 and \$16,000 on the two loans at the third party foreclosure sale on June 13, 2002. The court ratified the foreclosure sales on July 26, 2002.

<sup>(20)</sup> In June 1996, MHF accepted assignment of a Deed of Trust and Deed of Trust Note, for a project named Belle Haven, in the original amount of \$6,186,990. MHF paid a claim in full for the project in the amount of \$7,995,330 on June 26, 1996. MHF received partial recovery of this amount upon disposition of the underlying collateral. The property was brought-in by MHF with a bid of \$5,100,000 at foreclosure auction held on July 25, 2000. The Circuit Court of Prince George's Count ratified the foreclosure sale on January 25, 2001. A contract for the sale of the property was executed on February 7, 2001, and sold on August 30, 2001, in the amount of \$5,100,000. MHF received net proceeds from the sale in the amount of \$4,844,394 and a Note in the remaining amount of \$210,000 payable by February 1, 2004. The purchaser made payments on the MHF Note totaling \$232, 981, including the final payment in the amount of \$130,772, which was received on May 21, 2003.

<sup>(21)</sup> In March 2003, MHF accepted assignment of an insured Deed of Trust and Deed of Trust Note in the original principal amount of \$1,276,037 that financed a project know as Quail Run Apartments (Bay Street Properties). MHF paid the claim note in full on March 13, 2003 with a payment to the Administration in the amount of \$1,058,783. The property was sold at foreclosure auction on June 27, 2003 for \$1,160,000. Settlement of the transaction occurred on November 5, 2003. On December 2, 2003, the Circuit Court for Worcester County ratified the auditor's report of the transaction. On December 4, 2003, after payment of the auctioneer's commission and advertising expenses, sales proceeds in the amount of \$1,174,575 were collected with additional interest received.

<sup>(22)</sup> On September 19, 1984, the Administration made a loan in the principal amount of \$250,000 to Ronald H. Thomas in connection with a project called Tomall Apartments . MHF paid the claim note in full on June 28, 2004 with a payment to the Administration in the amount of \$153,879. On June 30, 2004, MHF collected \$75,000, which represents a partial recovery. The property was sold to a new owner who plans to rehabilitate the project.

<sup>(23)</sup> Market Mews Deed of Trust Note is in the original principal amount of \$1,700,000. MHF paid all amounts in arrears totaling \$151,733. The Administration accepted a promissory note from MHF in the total principal amount of \$1,693,568, with interest at the annual rate of 7%, which had a maturity date of December 31, 1995. MHF paid the claim note in full as of February 22, 1995. To date, MHF has paid principal and interest on the claim note and operating deficits in the total amount of \$3,265,876. MHF foreclosed on this development in an uncontested foreclosure proceeding held on July 14, 1995. The original collateral for the loan consisted of 31 scattered site units of which all units were sold.

<sup>(24)</sup> Eastdale Deed of Trust was in the original amount of \$3,401,000. The loan was refunded with \$2,450,000 in new bond proceeds. MHF made a partial claim payment in the amount of \$746,513 and pre-claim payments in the amount of \$426,214. MHF received cash of \$54,324 and a Cash Flow Note in the amount of \$1,118,403, equal to the net claim paid. The MHF Note is secured by a second deed of trust lien on the land and improvements on which the project is located. To date the project has made net payments on the MHF Note of \$490,510. In July 2010, the loan was paid off and MHF received payment in the amount of \$627,893.

<sup>(25)</sup> Villages of Laurel Deed of Trust Note, is in the original amount of \$5,140,000. The loan was refunded with \$3,173,200 in new bond proceeds. MHF made a partial claim payment in the amount of \$1,645,098 and pre-claim payments in the amount of \$825,689. MHF received cash of \$54,023 and a Cash Flow Note in the amount of \$2,416,765, equal to the net claim paid. The MHF Note is secured by a second deed of trust lien on the land and improvements on which the project is located. To date the project has made net payments on the MHF Note of \$686,059. In March 2011, the loan was paid off and MHF received payment in the amount of \$1,730,706.

<sup>(26)</sup> Hollins Townhouses Deed of Trust Note in the original principal amount of \$2,300,000. MHF paid all amounts in arrears totaling \$176,025, and the Administration accepted a promissory note from MHF in the total principal amount of \$2,427,094, with interest at the annual rate of 7%, which had a maturity date of December 31, 1995. MHF paid the claim note in full as of February 22, 1995. To date, MHF has paid principal and interest on the claim note and operating deficits in full as of February 22, 1995. To date, MHF has paid principal and interest on the claim note and operating deficits in the total amount of \$3,518,764. MHF foreclosed on this development in an uncontested foreclosure proceeding held on July 14, 1995. The original collateral for the loan consisted of 48 scattered site units of which the last unit was sold in April 2011.

<sup>(27)</sup> Renaissance Plaza Deed of Trust Note in the original principal amount of \$7,000,000. MHF paid all amounts in arrears totaling \$428,052 in February 1991. In connection with the default, MHF also paid additional principal of \$6,880,050; interest totaling \$1,498,664, and operating deficits in the amount of \$2,781,137. The Renaissance Plaza project, which consists of three buildings, has been sold pursuant to the orders of a judicial receivership. Closing on the sale of one building occurred on December 30, 1993. MHF received two notes in payment of the purchase price: a first lien mortgage in the amount of \$2,722,544 at 6.22% interest, \$365,000 of which is an amortizing loan, the balance to be paid out of cash flow, if any from the properties; and a second lien gap note in the amount of \$512,404 at 0% interest until maturity. The gap note was paid in full at the closing of financing for rehabilitation of the building on February 18, 1994. The closing of the other two buildings occurred on December 14, 1994. MHF received three notes in payment of the purchase price for the two buildings: a first lien mortgage in the amount of \$2,600,000 at 7.4% interest to begin amortizing on January 1, 1997; a second lien mortgage in the amount of \$4,450,000 at 8.23% interest to be paid out of cash flow, if any, from the properties; and a third lien gap note in the amount of \$500,000 at 0% interest until maturity (April 13, 1995), and a default rate of 7.4% interest. The gap note was paid in full at the closing of financing for rehabilitation of the two buildings on February 14, 1995. The \$2,600,000 deed of trust note was sold at par and assigned to the Administration on September 24, 1996, in connection with an issuance of bonds by the Administration.

<sup>(28)</sup> In February 1996, MHF accepted assignment of a Deed of Trust and Deed of Trust Note in the original principal amount of \$3,900,000 for a project called Mount Pleasant. MHF paid a claim for the project in the amount of \$4,107,891 on February 15, 1996. The property was sold to new ownership who planned to rehabilitate the project using a combination of new equity funds and State and City of Baltimore financing in combination with proceeds of the Administration's Multi-Family 1995 December Bond Issue in the amount of \$2,550,000. New Administration and MHF loan documents were executed in conjunction with a loan closing in July 1996. MHF received a Deed of Trust Note in the amount of \$1,087,259 of which \$293,770 is an amortizing 0% interest loan, and the balance is a cash flow loan with interest accruing at 2% per annum. MHF received partial recovery of \$2,450,000 at the time of closing and \$1,066,720 in September 1996. Reserves for construction contingences and various operating expenses, in the amount of \$460,305, were funded from the recovery proceeds. In June 1998, a construction reserve held by MHF in the amount of \$198,000 and cost certification savings received from the Administration in the amount of \$100,513 were applied to reduce the outstanding principal balance of the Deed of Trust note held by MHF.

<sup>(29)</sup> In May 1996, MHF accepted assignment of a Deed of Trust and Deed of Trust Note in the original amount of \$2,000,000, which financed a project known as Lease Purchase. MHF paid a claim for the project in the amount of \$1,587,498 on May 15, 1996. MHF received partial recovery of this amount upon disposition of the underlying collateral. MHF accepted a deed of assignment on this project on July 12, 1996. Thirty-six of the original 40 units have been sold and the majority of the remaining units are occupied by tenants, some of whom are candidates to purchase their properties.

## Actuarial Study

The Insurance Agreement amended in 2006 no longer requires periodic actuarial studies.

## **FHLMC Reinsurance Agreement**

On December 28, 1994, MHF, the Department, the Administration, and the Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”) entered into a Reinsurance Agreement (the “Reinsurance Agreement”). The purpose of the Reinsurance Agreement was to cede to and fully reinsure with FHLMC, MHF’s mortgage insurance obligations with respect to certain loans insured by MHF. Under the Reinsurance Agreement, FHLMC has agreed to fully reinsure, without any contingent liability for MHF, 17 loans insured by MHF having an original unpaid principal balance of \$70,346,036 and, as of June 30, 2015, an aggregate unpaid principal balance of \$1,279,588. Nine of these loans were financed originally with the Administration’s Multifamily Housing Revenue Bonds (Insured Mortgage Loans) and acquired with proceeds of the Administration’s Housing Revenue Bonds Series 1996 A Bonds, and are identified in APPENDIX D – “DESCRIPTION OF LOANS AND DEVELOPMENTS” in the Official Statement for the Administration’s Housing Revenue Bonds, Series 1999 D. The remainder of these loans was financed with the proceeds of the Administration’s Multifamily Housing Revenue Bonds (Insured Mortgage Loans).

All of the units in each of the developments financed with loans reinsured by FHLMC are subject to Section 8 housing assistance payments. The contracts relating to these payments have been assigned to FHLMC as collateral security. However, FHLMC cannot exercise any remedies with respect to the housing assistance payment contracts unless and until it has paid any insurance claim with respect to a reinsured loan.

FHLMC may, under the terms of the Reinsurance Agreement, require that the Administration foreclose without assignment to FHLMC upon any reinsured loan in the event of a breach of certain warranties regarding the absence of environmental hazards.

On September 7, 2008, the Director of the Federal Housing Finance Agency (“FHFA”) appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the “Reform Act”) and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S. Department of the Treasury (“Treasury”) entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: <http://www.OFHEO.gov> and <http://www.Treasury.gov>.

Freddie Mac registered its common stock with the U.S. Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934, effective July 18, 2008. As a result, Freddie Mac files annual, quarterly, and current reports, proxy statements and other information with the SEC. Prior to July 18, 2008, Freddie Mac prepared an annual Information Statement (containing annual financial disclosures and audited consolidated financial statements) and Information Statement Supplements (containing periodic updates to the annual Information Statement).

## Staff

The Director of MHF is appointed by the Secretary of the Department and serves at the pleasure of the Secretary, with such authority as the Secretary determines to delegate to the Director. The Director also serves as the Director of the Division of Credit Assurance of Department.

Financial operations for MHF have been centralized and are now within the Division of Finance and Administration for the Department.

Certain senior staff members of the Division of Credit Assurance, the Division of Finance and Administration, and MHF are as follows:

| <u>Name</u>              | <u>Position</u>   |
|--------------------------|---|
| Allen W. Cartwright, Jr. | Director, Division of Credit Assurance and MHF          |
| Susan Traylor            | Director, Division of Finance and Administration        |
| Ruth Putnam              | Deputy Director, Division of Finance and Administration |

*Allen W. Cartwright, Jr.* joined the staff of the Division of Credit Assurance as the Deputy Director of MHF in March 2006. Mr. Cartwright also serves as Director, Single Family Operations. Mr. Cartwright previously served as MHF Manager of Finance from 1988 through 1991. Prior to rejoining the Division of Credit Assurance in 2006, Mr. Cartwright was the Chief of Mission Support and then Chief of Customer Care for the Washington Suburban Sanitary Commission from April 2000 through November 2005. Mr. Cartwright also served as the Director of Finance and then the Assistant Secretary of Finance and Administration for the Maryland Department of Natural Resources from May 1991 through April 2000. He has worked as a finance manager for the Federal Home Loan Mortgage Corporation (Freddie Mac), MCI and DuPont. He is a Certified Public Accountant and earned his Bachelor of Science in Commerce from the McIntire School of Commerce at the University of Virginia.

*Susan Traylor*, Director of the Division of Finance and Administration since June 2007. She has been with the Department since 1998, when she joined as Director of Accounting. Prior to joining State service, she was the Chief Financial Officer of Macmillan Publishing and the Official Airlines Group. Previously, she held various financial positions with the Maxwell Communications Group and Exxon Corporation. She holds a Bachelor of Arts in Economics from Western Maryland College and Master of Science in Industrial Administration from Carnegie-Mellon University.

*Ruth Putnam* was named Deputy Director of Finance and Administration in 2008. She has been with the Department since 1990 when she joined the Department in the Budget Office. Prior to joining the Department, she worked as Manager of Investor Relations in a private corporation. She holds a Bachelor of Arts in Finance from the University of Maryland and has started the Masters of Public Policy Program at the University of Baltimore.

**Additional Information**

For additional information, please contact Investor Relations at (301) 429-7897 or [cdabonds\\_mailbox.DHCD@maryland.gov](mailto:cdabonds_mailbox.DHCD@maryland.gov).

APPENDIX H

COMMUNITY DEVELOPMENT ADMINISTRATION  
RESIDENTIAL REVENUE BONDS

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION  
RESIDENTIAL REVENUE BONDS**

JUNE 30, 2015 AND 2014

Community Development Administration  
Residential Revenue Bonds

TABLE OF CONTENTS

|   | PAGE |
|---|------|
| INDEPENDENT AUDITOR'S REPORT  | 3    |
| FINANCIAL STATEMENTS  |      |
| STATEMENTS OF NET POSITION  | 5    |
| STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET<br>POSITION                                    | 6    |
| STATEMENTS OF CASH FLOWS  | 7    |
| NOTES TO FINANCIAL STATEMENTS   | 9    |
| SUPPLEMENTAL DISCLOSURES OF CHANGE IN FAIR VALUE OF<br>INVESTMENTS AND MORTGAGE-BACKED SECURITIES | 56   |

## INDEPENDENT AUDITOR'S REPORT

Office of the Secretary  
Department of Housing and Community Development

### Report on the Financial Statements

We have audited the accompanying financial statements of the Community Development Administration Residential Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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 the financial statements based on our audits. We conducted our audits 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 Fund as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

As discussed in Note 1, the financial statements present only the Community Development Administration Residential Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2015 and 2014, and the changes in its net position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015, on our consideration of the Fund'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 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 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 Fund's internal control over financial reporting and compliance.

### Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 56 through 58, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.



Baltimore, Maryland  
September 30, 2015

Community Development Administration  
Residential Revenue Bonds

STATEMENTS OF NET POSITION  
(in thousands)

June 30, 2015 and 2014

|  | 2015         | 2014         |
|--|--------------|--------------|
| <b>RESTRICTED ASSETS</b>   |              |              |
| Restricted current assets  |              |              |
| Cash and cash equivalents on deposit                               | \$ 316,301   | \$ 359,630   |
| Investments  | 87,005       | 15,001       |
| Mortgage-backed securities   | 10,029       | 2,673        |
| Single family mortgage loans                                       | 33,736       | 41,528       |
| Multi-family mortgage loans  | 1,519        | 1,536        |
| Accrued interest and other receivables                             | 21,552       | 19,557       |
| Claims receivable on foreclosed and other loans, net of allowance  | 64,802       | 71,468       |
| Real estate owned  | 16,389       | 23,536       |
| Total restricted current assets                                    | 551,333      | 534,929      |
| Restricted long-term assets  |              |              |
| Investments, net of current portion                                | 11,778       | 16,736       |
| Mortgage-backed securities, net of current portion                 | 84,502       | 65,685       |
| Single family mortgage loans, net of current portion and allowance | 1,229,366    | 1,393,324    |
| Multi-family mortgage loans, net of current portion                | 15,212       | 24,966       |
| Total restricted long-term assets                                  | 1,340,858    | 1,500,711    |
| Total restricted assets  | 1,892,191    | 2,035,640    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                              |              |              |
| Deferred outflow of fair value on interest rate swap agreements    | 13,172       | 20,569       |
| Total deferred outflows of resources                               | 13,172       | 20,569       |
| Total restricted assets and deferred outflows of resources         | \$ 1,905,363 | \$ 2,056,209 |
| <b>LIABILITIES</b>   |              |              |
| Current liabilities  |              |              |
| Accrued interest payable   | \$ 21,407    | \$ 24,736    |
| Accounts payable   | 1,443        | 1,439        |
| Bonds payable  | 93,485       | 74,360       |
| Deposits by borrowers  | 2,455        | 2,575        |
| Total current liabilities  | 118,790      | 103,110      |
| Long-term liabilities  |              |              |
| Rebate liability   | -            | 220          |
| Bonds payable, net of current portion                              | 1,469,678    | 1,635,994    |
| Deposits by borrowers, net of current portion                      | 2,690        | 2,131        |
| Interest rate swap agreements                                      | 13,172       | 20,569       |
| Total long-term liabilities  | 1,485,540    | 1,658,914    |
| Total liabilities  | 1,604,330    | 1,762,024    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                               |              |              |
| Deferred inflow on refunding of bond debt                          | 121          | -            |
| Total deferred inflows of resources                                | 121          | -            |
| <b>NET POSITION</b>  |              |              |
| Restricted   | 300,912      | 294,185      |
| Total liabilities, deferred inflows of resources and net position  | \$ 1,905,363 | \$ 2,056,209 |

See notes to financial statements

Community Development Administration  
Residential Revenue Bonds

STATEMENTS OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION  
(in thousands)

Years ended June 30, 2015 and 2014

|   | 2015       | 2014       |
|---|------------|------------|
| Operating revenue                                       |            |            |
| Interest on mortgage loans                              | \$ 79,626  | \$ 91,449  |
| Interest on mortgage-backed securities                  | 2,301      | 1,550      |
| Increase in fair value of mortgage-backed securities    | -          | 126        |
| Realized gains on sale of mortgage-backed securities    | 14,906     | 10,090     |
| Interest income on investments                          | 749        | 661        |
| Increase in fair value of investments, net of rebate    | 263        | 205        |
| Gain on early retirement of debt                        | 3,615      | 5,356      |
| Recovery of losses on foreclosed loans                  | 2,159      | -          |
| Other operating revenue                                 | 1,665      | 1,749      |
|   | 105,284    | 111,186    |
| Operating expenses                                      |            |            |
| Interest expense on bonds                               | 68,702     | 76,725     |
| Professional fees and other operating expenses          | 10,390     | 11,531     |
| Increase in provision for loan losses                   | 5,132      | 24,730     |
| Losses and expenses on real estate owned, net           | 4,750      | 4,705      |
| Loss on foreclosure claims, net                         | 1,966      | 6,320      |
| Bond issuance costs                                     | 1,245      | 929        |
|   | 92,185     | 124,940    |
| Operating income (loss)                                 | 13,099     | (13,754)   |
| Nonoperating revenue                                    |            |            |
| Increase in fair value of mortgage-backed securities    | 503        | 3,001      |
| Total nonoperating revenue                              | 503        | 3,001      |
| Transfers of funds, net, as permitted by the Resolution | (6,875)    | (3,479)    |
| CHANGE IN NET POSITION                                  | 6,727      | (14,232)   |
| Net position - restricted at beginning of year          | 294,185    | 308,417    |
| Net position - restricted at end of year                | \$ 300,912 | \$ 294,185 |

See notes to financial statements

Community Development Administration  
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS  
(in thousands)

Years ended June 30, 2015 and 2014

|  | 2015       | 2014       |
|--|------------|------------|
| Cash flows from operating activities                               |            |            |
| Principal and interest received on mortgage loans                  | \$ 210,581 | \$ 208,981 |
| Principal and interest received on mortgage-backed securities      | 8,275      | 6,428      |
| Escrow funds received on multi-family loans                        | 1,977      | 2,094      |
| Escrow funds paid on multi-family loans                            | (1,538)    | (2,072)    |
| Mortgage insurance claims and other loan proceeds received         | 100,183    | 102,205    |
| Foreclosure expenses paid  | (7,470)    | (7,583)    |
| Purchase of mortgage loans   | (34,697)   | (24,043)   |
| Purchase of mortgage-backed securities                             | (415,949)  | (268,652)  |
| Transfer of mortgage-backed securities                             | -          | 70,744     |
| Funds received from sale of mortgage-backed securities             | 399,152    | 228,483    |
| Professional fees and other operating expenses                     | (10,579)   | (11,500)   |
| Other expenses related to investment agreement (see note 3)        | -          | (4,238)    |
| Other income received  | 1,400      | 1,749      |
| Other reimbursements   | (4,717)    | 1,629      |
|  | 246,618    | 304,225    |
| Net cash provided by operating activities                          |            |            |
| Cash flows from investing activities                               |            |            |
| Proceeds from maturities or sales of investments                   | 14,998     | 19,438     |
| Purchases of investments   | (82,004)   | (19,987)   |
| Interest received on investments                                   | 665        | 658        |
|  | (66,341)   | 109        |
| Net cash (used in) provided by investing activities                |            |            |
| Cash flows from noncapital financing activities                    |            |            |
| Proceeds from sale of bonds  | 152,728    | 94,211     |
| Payments on bond principal   | (295,965)  | (279,530)  |
| Bond issuance costs  | (1,245)    | (929)      |
| Interest on bonds  | (72,249)   | (79,703)   |
| Transfers among Funds  | (6,875)    | (3,479)    |
|  | (223,606)  | (269,430)  |
| Net cash used in noncapital financing activities                   |            |            |
| NET (DECREASE) INCREASE IN CASH AND<br>CASH EQUIVALENTS ON DEPOSIT | (43,329)   | 34,904     |
| Cash and cash equivalents on deposit at beginning of year          | 359,630    | 324,726    |
| Cash and cash equivalents on deposit at end of year                | \$ 316,301 | \$ 359,630 |

(continued)

Community Development Administration  
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED  
(in thousands)

Years ended June 30, 2015 and 2014

|   | 2015       | 2014        |
|---|------------|-------------|
| Reconciliation of operating income (loss) to net cash provided by operating activities        |            |             |
| Operating income (loss)   | \$ 13,099  | \$ (13,754) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities |            |             |
| Decrease (increase) in assets   |            |             |
| Mortgage loans  | 186,178    | 209,639     |
| Mortgage-backed securities  | (25,670)   | 25,312      |
| Accrued interest and other receivables  | (1,995)    | 4,078       |
| Claims receivable on foreclosed and other loans   | (3,123)    | 117         |
| Real estate owned   | 7,147      | (12,888)    |
| (Decrease) increase in liabilities  |            |             |
| Accrued interest payable  | (3,329)    | (2,760)     |
| Accounts payable  | 4          | (4,343)     |
| Rebate liability  | (220)      | 38          |
| Deposits by borrowers   | 439        | 22          |
| Amortizations   |            |             |
| Investment discounts and premiums   | 3          | 3           |
| Bond original issue discounts and premiums  | (218)      | (218)       |
| Increase in provision for loan losses   | 5,132      | 24,730      |
| Increase in fair value of mortgage-backed securities  | -          | (126)       |
| Increase in fair value of investments   | (43)       | (243)       |
| Gain on early retirement of debt  | (3,615)    | (5,356)     |
| Bond issuance costs   | 1,245      | 929         |
| Interest received on investments  | (665)      | (658)       |
| Interest on bonds   | 72,249     | 79,703      |
|   | \$ 246,618 | \$ 304,225  |

See notes to financial statements

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS  
(in thousands)

June 30, 2015 and 2014

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 (now in Sections 4-101 through 4-255 of the Housing and Community Development Article) of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's Residential Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds primarily to originate or purchase single family mortgage loans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). Consequently, CDA applies all applicable GASB pronouncements.

In accordance with accounting guidance issued by GASB, net position should be reported as restricted when constraints placed on net position use is either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the Fund is restricted as to its use as the net position is pledged to bondholders.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Annual Financial Report may include a Management's Discussion and Analysis. Since CDA is an enterprise fund included in the State of Maryland's Comprehensive Annual Financial Report, a separate Management's Discussion and Analysis is not required in these financial statements. CDA prepares a Management's Discussion and Analysis for the General Accounting Division of the State of Maryland that is not part of these financial statements.

Cash and Cash Equivalents on Deposit

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2015 and 2014, the Fund's cash equivalents were primarily invested in a money market mutual fund. Cash equivalents are more fully described in Note 3.

Investments

Investments are principally governmental debt securities or investment agreements collateralized by governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

Mortgage-Backed Securities

These guaranteed securities are issued in connection with mortgage loans on single family homes. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees and origination expenses are recognized as revenue or expense in the period received or incurred. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as claims receivables. See Notes 4 and 14 for additional information on mortgage loans and mortgage insurance, respectively.

Accrued Interest and Other Receivables

Accrued interest and other receivables include interest on loans and investments. On insured single family loans, interest ceases to accrue after foreclosure. On insured multi-family mortgage loans that are in default, CDA continues to accrue interest until receipt of a mortgage insurance claim. See Note 5 for additional information.

Claims Receivable on Foreclosed and Other Loans

Claims receivable on foreclosed and other loans include insured single family loans that are in foreclosure or other single family loans with pending insurance claims, recorded net of allowance. These loans are primarily insured by U.S. Government Agencies or private mortgage insurers. Foreclosed loans insured by private mortgage insurers are held in this account until the insurer has made a final determination as to claim payment or transfer of the property to CDA.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure or deeds-in-lieu and is stated at the lower of cost or fair value less estimated costs to sell. Expenses incurred related to real estate owned are reported on the Statements of Revenue, Expenses and Changes in Net Position.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

Substantially all single family mortgage loans of the Fund are insured or guaranteed by agencies of the U.S. Government, the Maryland Housing Fund (MHF), or private mortgage insurers. Most primary coverage levels range from 25% to 100% of the loan. As of June 30, 2015 and 2014, CDA has established an allowance for loan losses on the uninsured portions of single family mortgage loans with private mortgage insurance. CDA has also established an allowance for loan losses on single family loans with private mortgage insurance that are in foreclosure. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group as well as a current assessment of probability and risk of loss due to default or deteriorating economic conditions. Multi-family mortgage loans of the Fund are insured or guaranteed; as such, no allowance for loans losses was necessary as of June 30, 2015 and 2014. See Note 4 for additional information on allowance for loan losses.

Bond Issuance Costs

Bond issuance costs are recognized and expensed in the period incurred.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized original issue discounts or premiums. However, in an economic refunding, any costs incurred from the refunding of bonds would be reported as deferred outflows or inflows of resources on the Statements of Net Position. See Notes 6, 7, 8, 9, 10 and 12 for additional information on bonds.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. See Note 12 for further information on changes in long-term obligations.

Rebate Liability on Investments

Regulations governing the issuance of tax-exempt debt place limitations on permitted investment yield on borrowed funds. Based on these regulations, CDA is required to periodically rebate excess earnings from investments to the United States Treasury. In addition, the liability also includes an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 11.

Interest Rate Exchange Agreements (Swaps)

Interest rate exchange agreements (swaps) are derivative instruments which are entered into as cash flow hedges to reduce exposure to identified financial risks associated with assets, liabilities or expected transactions or to lower the costs of borrowings and are considered to be hedging derivative instruments. Swaps are reported at fair value in the Statements of Net Position and are tested quarterly for hedge effectiveness. Effectiveness is established if the changes in cash flows of the swaps substantially offset the changes in cash flows of the hedgeable items. The changes in fair values of the swaps that are determined to be effective hedges will be recognized as deferred inflows or outflows of resources in the Statements of Net Position. The changes in fair value of the swaps that are determined not to be effective hedges will be reported in the Statements of Revenue, Expenses and Changes in Net Position. CDA's swaps are more fully described in Note 9.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2015 and 2014, all mortgage loan yields were in compliance with the Code.

Interest on Mortgage Loans and Mortgage-Backed Securities

Interest on mortgage loans and mortgage-backed securities is calculated using the effective interest method.

Fee Income

CDA receives single family commitment fees at loan origination. These fees are recognized as revenue in the period received as fee income. During the year ended June 30, 2015, CDA did not receive any fees at loan origination.

Origination Expenses

CDA pays originators of its single family loans an origination fee and a servicer release fee. On some single family loans CDA provides the borrowers with grants toward loan down payment and closing costs. These loan origination expenses are recognized and expensed in the period incurred as origination expenses. During the year ended June 30, 2015, CDA did not incur any origination expenses.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 15 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the State of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities that are held within the portfolio. Mortgage-backed securities that are part of the TBA program are classified as operating which is more fully described in Note 3.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains and losses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

**NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES**

Bond proceeds and revenues from mortgages, mortgage-backed securities and investments are invested in authorized investments as defined in the Residential Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, paying bond debt service or redeeming outstanding bonds and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, investment agreements, money market funds and certificates of deposit.

The following assets, reported at fair value and held by the Fund as of June 30, 2015 and 2014, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

| Assets                                  | 2015              | 2014              |
|---|-------------------|-------------------|
| Cash and Cash Equivalents:              |                   |                   |
| Federated Prime Cash Obligations Fund   | \$ 298,667        | \$ 342,032        |
| Demand Deposit Account                  | 17,634            | 17,598            |
| Investments:                            |                   |                   |
| Obligations of U.S. Government Agencies | 96,375            | 29,329            |
| Repurchase and Investment Agreements    | 2,408             | 2,408             |
| GNMA Mortgage-backed Securities         | 77,951            | 56,751            |
| FNMA Mortgage-backed Securities         | 16,580            | 11,607            |
| Total                                   | <u>\$ 509,615</u> | <u>\$ 459,725</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations and ongoing operations.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

As of June 30, 2015, the amortized cost, fair value and maturities for these assets were as follows:

| Asset   | Amortized<br>Cost | Fair<br>Value     | Maturities (in years) |                 |             |                 |                  |
|---|-------------------|-------------------|-----------------------|-----------------|-------------|-----------------|------------------|
|   |                   |                   | Less<br>than 1        | 1 - 5           | 6 - 10      | 11 - 15         | More<br>than 15  |
| Federated Prime Cash<br>Obligations Fund        | \$ 298,667        | \$ 298,667        | \$ 298,667            | \$ -            | \$ -        | \$ -            | \$ -             |
| Demand Deposit<br>Account                       | 17,634            | 17,634            | 17,634                | -               | -           | -               | -                |
| Obligations of U.S.<br>Government Agencies      | 94,047            | 96,375            | 87,005                | 2,471           | -           | 4,072           | 2,827            |
| Repurchase agreements/<br>Investment agreements | 2,408             | 2,408             | -                     | -               | -           | 1,232           | 1,176            |
| GNMA mortgage-backed<br>securities              | 78,745            | 77,951            | -                     | -               | -           | -               | 77,951           |
| FNMA mortgage-backed<br>securities              | 16,476            | 16,580            | -                     | -               | -           | -               | 16,580           |
| Total   | <u>\$ 507,977</u> | <u>\$ 509,615</u> | <u>\$ 403,306</u>     | <u>\$ 2,471</u> | <u>\$ -</u> | <u>\$ 5,304</u> | <u>\$ 98,534</u> |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

As of June 30, 2014, the amortized cost, fair value and maturities for these assets were as follows:

| Asset   | Amortized<br>Cost | Fair<br>Value     | Maturities (in years) |                 |             |                 |                  |
|---|-------------------|-------------------|-----------------------|-----------------|-------------|-----------------|------------------|
|   |                   |                   | Less<br>than 1        | 1 - 5           | 6 - 10      | 11 - 15         | More<br>than 15  |
| Federated Prime Cash<br>Obligations Fund        | \$ 342,032        | \$ 342,032        | \$ 342,032            | \$ -            | \$ -        | \$ -            | \$ -             |
| Demand Deposit<br>Account                       | 17,598            | 17,598            | 17,598                | -               | -           | -               | -                |
| Obligations of U.S.<br>Government Agencies      | 27,044            | 29,329            | 15,001                | 7,508           | -           | 4,015           | 2,805            |
| Repurchase agreements/<br>Investment agreements | 2,408             | 2,408             | -                     | -               | -           | 1,232           | 1,176            |
| GNMA mortgage-backed<br>securities              | 57,972            | 56,751            | -                     | -               | -           | -               | 56,751           |
| FNMA mortgage-backed<br>securities              | 11,579            | 11,607            | -                     | -               | -           | -               | 11,607           |
| Total   | <u>\$ 458,633</u> | <u>\$ 459,725</u> | <u>\$ 374,631</u>     | <u>\$ 7,508</u> | <u>\$ -</u> | <u>\$ 5,247</u> | <u>\$ 72,339</u> |

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2015 and 2014, the cost of the money market mutual fund approximated fair value.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2015, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2014, all counterparty ratings were at least equal to the ratings on the Fund's bonds, except for one counterparty whose credit rating of Aa3 did not affect the Aa2 rating on the Fund's bonds. The ratings on Residential Revenue Bonds as of June 30, 2015 and 2014 were Aa2 by Moody's Investors Service and AA by Fitch Ratings. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5 percent or more of total investments in accordance with accounting guidance issued by GASB.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

As of June 30, 2015, credit ratings and allocation by type of investments for the following assets were:

| Asset  | Fair Value        | Percentage of total investments | Money market fund rating | Securities credit rating                                       | Rating agency |
|--|-------------------|---------------------------------|--------------------------|--|---------------|
| Federated Prime Cash Obligations Fund  | \$ 298,667        | 58.61%                          | Aaa                      |  | Moody's       |
| Demand Deposit Account:<br>Counterparty rated Aa1 by Moody's   | 17,634            | 3.46%                           |                          |  |               |
| Government National Mortgage Association (GNMA) Mortgage-backed securities                           | 77,951            | 15.30%                          |                          | Direct U.S. Obligations  |               |
| Federal National Mortgage Association (FNMA) Mortgage-backed securities                              | 16,580            | 3.25%                           |                          | Aaa  | Moody's       |
| Obligations of U.S. Government Agencies:<br>Federal Home Loan Bank                                   | 82,016            | 16.09%                          |                          | Aaa  | Moody's       |
| Other U.S. Government Agencies   | 14,359            | 2.82%                           |                          | Aaa  | Moody's       |
| Collateralized repurchase agreements and investment agreements:<br>Counterparty rated Aaa by Moody's | 2,408             | 0.47%                           |                          | Underlying securities credit rating<br>Direct U.S. Obligations |               |
| Total  | <u>\$ 509,615</u> | <u>100.00%</u>                  |                          |  |               |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

As of June 30, 2014, credit ratings and allocation by type of investments for the following assets were:

| Asset  | Fair Value        | Percentage of total investments | Money market fund rating | Securities credit rating                                       | Rating agency |
|--|-------------------|---------------------------------|--------------------------|--|---------------|
| Federated Prime Cash Obligations Fund  | \$ 342,032        | 74.40%                          | Aaa                      |  | Moody's       |
| Demand Deposit Account:<br>Counterparty rated Aa3 by Moody's   | 17,598            | 3.83%                           |                          |  |               |
| Government National Mortgage Association (GNMA) Mortgage-backed securities                           | 56,751            | 12.34%                          |                          | Direct U.S. Obligations  |               |
| Federal National Mortgage Association (FNMA) Mortgage-backed securities                              | 11,607            | 2.53%                           |                          | Aaa  | Moody's       |
| Obligations of U.S. Government Agencies:<br>Federal Home Loan Bank                                   | 9,997             | 2.17%                           |                          | Aaa  | Moody's       |
| Other U.S. Government Agencies   | 19,332            | 4.21%                           |                          | Aaa  | Moody's       |
| Collateralized repurchase agreements and investment agreements:<br>Counterparty rated Aaa by Moody's | 2,408             | 0.52%                           |                          | Underlying securities credit rating<br>Direct U.S. Obligations |               |
| Total  | <u>\$ 459,725</u> | <u>100.00%</u>                  |                          |  |               |

The market value of the underlying collateralized securities in repurchase agreements and investment agreements is maintained at a minimum of 102 percent of the principal of and accrued interest on the invested funds by marking to market at least weekly and using an immediate under value cure provision.

In order to facilitate a transaction with a liquidity provider, CDA has invested in a demand deposit account that is classified as cash and cash equivalents. This investment is backed by an Irrevocable Standby Letter of Credit dated July 26, 2012, that was established by the Federal Home Loan Bank of Pittsburgh, and is automatically extended each year until July 26, 2017. This date corresponds with the termination date of the standby purchase agreement.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

A repurchase agreement dated August 21, 1997 and held by the trustee as an investment under the Residential Revenue Bond resolution was terminated per the terms of the repurchase agreement effective September 1, 2006 due to the redemption of the remaining outstanding Residential Revenue Bonds 1997 Series A and B bonds. CDA was made aware of the termination through an inquiry from the counterparty in June of 2013, and subsequent confirmation by the trustee. CDA had received payments of interest from the counterparty based on this agreement from the time the agreement was originally executed and delivered up to and including February 27, 2013. A refund of the interest was negotiated by both parties and an Agreement of Termination and Release was delivered evidencing the agreed upon amount of interest to be refunded and releasing all parties from any future liability with respect to the repurchase agreement. CDA received from the counterparty the principal amount of the repurchase agreement less the agreed upon interest refund on September 18, 2013 (2014 fiscal year). The amount of the negotiated interest refund was \$4,230. CDA had recorded the refund due as a liability on the Statements of Net Position for the 2013 fiscal year. The interest attributable to 2013 and prior fiscal years had been recorded as an adjustment to revenue and the remainder as an expense on the 2013 Statement of Revenue, Expenses and Changes in Net Position.

Mortgage-backed Securities and Certificates

All mortgage-backed securities and certificates held by CDA are guaranteed by the Government National Mortgage Association (GNMA) or the Federal National Mortgage Association (Fannie Mae).

GNMA mortgage-backed securities are instrumentalities of the United States Government and are “fully modified pass-through” mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) lender, as the issuer of the guaranteed security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

Fannie Mae mortgage-backed certificates are “guaranteed mortgage pass-through certificates” which supplement amounts received by a trust created under a trust agreement as required permitting timely payments of principal and interest on the certificates to CDA. The certificates and payments of principal and interest on the certificates are not guaranteed by the United States and do not constitute a debt or obligation of the United States or any of its agencies or instrumentalities other than Fannie Mae.

As an investor of GNMA I mortgage-backed securities (MBS), CDA receives separate principal and interest payments on the 15th of each month; however, for GNMA II MBS, CDA receives the total principal and interest from a central paying agent on the 20th of each month. For all Fannie Mae certificates, CDA receives the total principal and interest from the trust on the 25th of each month. All mortgages backing a GNMA I MBS have the same mortgage rate equal to 50 basis points greater than the coupon, with 44 basis points of servicing fee and 6 basis points of guaranty fee. Similarly, GNMA II MBS also have 6 basis points of guaranty fee, but the mortgage rate for the loans backing the security can vary between 25 to 75 basis points greater than the coupon which may result in a variety of servicing fees. All Fannie Mae certificates have a guaranty fee of 47.5 basis points and a servicing fee of 25 basis points. CDA also participates from time to time in the Fannie Mae buy-up or buy-down of the guaranty fee created in the pooling process in order to maximize pooling of certificates for efficiency and effectiveness.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED  
SECURITIES (Continued)

In January 2012, CDA expanded the sources of financing for its mortgage-backed securities program through the ongoing sale of forward contracts of GNMA mortgage-backed securities and Fannie Mae certificates. These securities are comprised of single family mortgage loans originated by CDA's network of approved lender partners. As part of this program, CDA periodically enters into forward contracts to sell GNMA mortgage-backed securities and Fannie Mae certificates to investors before the securities are ready for delivery (referred to as "to-be-announced" or "TBA Mortgage-Backed Security Contract"). These forward contracts are settled monthly, using funds held in Residential Revenue Bonds' additional collateral account, prior to being sold into the secondary market. As of June 30, 2015, CDA entered into TBA Mortgage-Backed Security Contracts with a notional amount of \$198,767 outstanding. At June 30, 2014, the notional amount outstanding was \$62,666. The increase/decrease in the fair value of GNMA mortgage-backed securities and Fannie Mae certificates that are part of the TBA program is classified as operating revenue on the Statements of Revenue, Expenses and Changes in Net Position.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2015 and 2014, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 4 - MORTGAGE LOANS

Substantially all of the Fund's single family mortgage loans are secured by first liens on the related property. Approximately 97% of all the single family mortgage loans are credit enhanced through the Federal Housing Administration (FHA) mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs, Maryland Housing Fund (MHF) or by private mortgage insurance policies. As of June 30, 2015 and 2014, interest rates on such loans ranged from 0.0% to 11.2% and 0.0% to 11.5%, respectively, with remaining loan terms ranging approximately from less than 1 year to 38 years and less than 1 year to 39 years, respectively.

All of the Fund's multi-family mortgage loans are credit-enhanced through FHA, Federal Home Loan Mortgage Corporation (Freddie Mac) or MHF. As of June 30, 2015 and 2014, interest rates on such loans ranged from 5.25% to 8.50% with remaining loan terms ranging from approximately 5 years to 18 years and 3 years to 19 years, respectively.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 4 - MORTGAGE LOANS (Continued)

For the years ended June 30, 2015 and 2014, the single family mortgage loan and claims receivable balances and changes in the allowance for loan losses on the uninsured portions of single family loans with private mortgage insurance, including loans in foreclosure and other loans with pending insurance claims, were as follows:

|  | 2015         | 2014         |
|--|--------------|--------------|
| Single family mortgage loans                         | \$ 1,282,068 | \$ 1,458,475 |
| Allowance for loan losses                            |              |              |
| Beginning balance                                    | 23,623       | 18,741       |
| Provision for loan losses                            | (4,657)      | 4,882        |
| Ending balance                                       | 18,966       | 23,623       |
| Single family mortgage loans, net                    | \$ 1,263,102 | \$ 1,434,852 |
| <br>   |              |              |
| Claims receivable on foreclosed and other loans      | \$ 85,683    | \$ 97,666    |
| Allowance for loan losses                            |              |              |
| Beginning balance                                    | 26,198       | 30,383       |
| Provision for loan losses                            | 9,789        | 19,848       |
| Charge offs  | (15,106)     | (24,033)     |
| Ending balance                                       | 20,881       | 26,198       |
| Claims receivable on foreclosed and other loans, net | \$ 64,802    | \$ 71,468    |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2015 and 2014 were as follows:

|   | 2015      | 2014      |
|---|-----------|-----------|
| Accrued mortgage loan interest                          | \$ 14,566 | \$ 17,451 |
| Accrued mortgage-backed securities interest             | 221       | 162       |
| Accrued investment interest                             | 300       | 213       |
| Funds due from mortgage insurers for loan modifications | 451       | 753       |
| Reimbursement due for state-funded loans                | 5,745     | 974       |
| Miscellaneous billings                                  | 269       | 4         |
|   | \$ 21,552 | \$ 19,557 |

NOTE 6 - SHORT-TERM DEBT

CDA issues short-term debt to preserve volume cap when prepayments and payments from mortgages exceed the demand for new mortgages. Proceeds of the short-term debt are used to refund and to pay at maturity prior series of bonds. At the time of the refunding, prepayments and repayments of mortgage loans financed by these prior bonds are transferred to accounts in the short-term series. CDA expects to make these funds available to purchase mortgage loans upon the maturity or earlier redemption of the short-term bonds with proceeds of additional long-term bonds. By issuing the short-term debt, CDA more closely matches the rates on the short-term debt with the rates on short-term investments. When there is sufficient mortgage demand, CDA issues long-term refunding bonds to redeem the short-term debt and the prepayments and repayments are used to fund new mortgages. For the years ended June 30, 2015 and 2014, CDA did not issue any short-term debt.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 7 - BONDS PAYABLE

The bonds and notes issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds and notes do not constitute debt of and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision.

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. When bonds are redeemed, whether as a special or optional redemption, CDA writes off a proportionate share of any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Statements of Revenue, Expenses and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss.

The following lists those bonds which are at variable rates and the terms by which the variable rates change. All other bonds have fixed interest rates.

2006 Series G and J; 2007 Series F, J and M; 2008 Series D; 2012 Series B; and 2014 Series F

The rate is set weekly by a remarketing agent so that the market value of the bonds is as close as possible to 100% of the principal amount of the bonds. In no event will the bonds bear interest at a rate in excess of 12%.

2011 Series B

The rate is set weekly at an index rate equal to a SIFMA index, plus 0.95%. (SIFMA stands for the Securities Industry and Financial Markets Association). In no event will the bonds bear interest at a rate in excess of 12%.

The following bonds are taxable. All other bonds are tax-exempt.

2006 Series S; 2007 Series B, E and I; 2012 Series A and B; and 2014 Series E and F

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2015, and the debt outstanding and bonds payable as of June 30, 2015:

|                           | Issue dated | Range of interest rates | Range of maturities | Debt Outstanding at June 30, 2014 | Bond Activity    |                             |                | Debt Outstanding at June 30, 2015 | Bond premiums /discounts deferred | Bonds payable at June 30, 2015 |
|---------------------------|-------------|-------------------------|---------------------|-----------------------------------|------------------|-----------------------------|----------------|-----------------------------------|-----------------------------------|--------------------------------|
|                           |             |                         |                     |                                   | New bonds issued | Scheduled maturity payments | Bonds redeemed |                                   |                                   |                                |
| Residential Revenue Bonds |             |                         |                     |                                   |                  |                             |                |                                   |                                   |                                |
| 2004 Series A             | 05/13/04    | 3.95% - 4.20%           | 2014 - 2016         | \$ 3,430                          | \$ -             | \$ (1,100)                  | \$ (2,330)     | \$ -                              | \$ -                              | \$ -                           |
| 2004 Series B             | 05/13/04    | 5.00%                   | 9/1/2023            | 1,470                             | -                | -                           | (1,470)        | -                                 | -                                 | -                              |
| 2004 Series G             | 11/10/04    | 3.45% - 3.65%           | 2014 - 2016         | 4,110                             | -                | (1,325)                     | (2,785)        | -                                 | -                                 | -                              |
| 2004 Series H             | 11/10/04    | 4.55% - 5.00%           | 2023 - 2029         | 5,320                             | -                | -                           | (5,320)        | -                                 | -                                 | -                              |
| 2004 Series I             | 11/10/04    | Variable rate           | 9/1/2035            | 20,000                            | -                | -                           | (20,000)       | -                                 | -                                 | -                              |
| 2005 Series A             | 03/30/05    | 3.70% - 3.90%           | 2014 - 2016         | 4,250                             | -                | (1,365)                     | (2,885)        | -                                 | -                                 | -                              |
| 2005 Series B             | 03/30/05    | 4.55% - 5.25%           | 2023 - 2029         | 12,330                            | -                | -                           | (12,330)       | -                                 | -                                 | -                              |
| 2005 Series D             | 11/10/05    | 3.85% - 4.05%           | 2014 - 2017         | 5,520                             | -                | (1,300)                     | (4,220)        | -                                 | -                                 | -                              |
| 2005 Series E             | 11/10/05    | 4.75% - 5.50%           | 2025 - 2036         | 29,845                            | -                | -                           | (29,845)       | -                                 | -                                 | -                              |
| 2006 Series A             | 02/23/06    | 3.90% - 4.10%           | 2014 - 2017         | 5,320                             | -                | (1,255)                     | -              | 4,065                             | -                                 | 4,065                          |
| 2006 Series B             | 02/23/06    | 4.75% - 5.50%           | 2025 - 2037         | 32,330                            | -                | -                           | (1,900)        | 30,430                            | -                                 | 30,430                         |
| 2006 Series E             | 05/24/06    | 4.10% - 4.35%           | 2014 - 2017         | 10,490                            | -                | (2,470)                     | -              | 8,020                             | -                                 | 8,020                          |
| 2006 Series F             | 05/24/06    | 4.80% - 6.00%           | 2021 - 2039         | 27,230                            | -                | -                           | (27,230)       | -                                 | -                                 | -                              |
| 2006 Series G             | 05/24/06    | Variable rate           | 9/1/2040            | 40,000                            | -                | -                           | -              | 40,000                            | -                                 | 40,000                         |
| 2006 Series H             | 07/13/06    | 4.00% - 4.15%           | 2014 - 2017         | 7,905                             | -                | (1,850)                     | -              | 6,055                             | -                                 | 6,055                          |
| 2006 Series I             | 07/13/06    | 4.35% - 6.00%           | 2014 - 2041         | 80,455                            | -                | (1,860)                     | (10,040)       | 68,555                            | -                                 | 68,555                         |
| 2006 Series J             | 07/13/06    | Variable rate           | 9/1/2040            | 60,000                            | -                | -                           | -              | 60,000                            | -                                 | 60,000                         |
| 2006 Series K             | 09/14/06    | 4.00% - 4.15%           | 2014 - 2017         | 6,740                             | -                | (1,575)                     | -              | 5,165                             | -                                 | 5,165                          |
| 2006 Series L             | 09/14/06    | 4.40% - 5.75%           | 2014 - 2041         | 116,070                           | -                | (1,680)                     | (6,780)        | 107,610                           | -                                 | 107,610                        |
| 2006 Series O             | 12/13/06    | 3.70% - 3.85%           | 2014 - 2017         | 4,460                             | -                | (1,050)                     | -              | 3,410                             | -                                 | 3,410                          |
| 2006 Series P             | 12/13/06    | 4.125% - 5.75%          | 2014 - 2037         | 55,125                            | -                | (1,755)                     | (3,825)        | 49,545                            | -                                 | 49,545                         |
| 2006 Series S             | 12/13/06    | 6.07%                   | 9/1/2037            | 15,765                            | -                | -                           | (1,345)        | 14,420                            | -                                 | 14,420                         |
| 2007 Series A             | 03/28/07    | 4.15% - 5.75%           | 2014 - 2047         | 182,985                           | -                | (3,630)                     | (15,290)       | 164,065                           | 1,951                             | 166,016                        |
| 2007 Series B             | 03/28/07    | 6.00%                   | 9/1/2037            | 20,140                            | -                | -                           | (2,670)        | 17,470                            | -                                 | 17,470                         |
| 2007 Series C             | 06/20/07    | 3.80% - 3.95%           | 2014 - 2017         | 21,995                            | -                | (5,210)                     | -              | 16,785                            | -                                 | 16,785                         |
| 2007 Series D             | 06/20/07    | 4.65% - 5.50%           | 2022 - 2048         | 127,685                           | -                | -                           | (10,420)       | 117,265                           | 180                               | 117,445                        |
| 2007 Series E             | 06/20/07    | 5.27% - 6.11%           | 2015 - 2042         | 40,670                            | -                | (1,995)                     | (915)          | 37,760                            | -                                 | 37,760                         |
| 2007 Series F             | 06/20/07    | Variable rate           | 9/1/2031            | 29,915                            | -                | -                           | (4,470)        | 25,445                            | -                                 | 25,445                         |
| 2007 Series G             | 08/09/07    | 4.10% - 4.30%           | 2014 - 2017         | 27,695                            | -                | (6,490)                     | -              | 21,205                            | -                                 | 21,205                         |
| 2007 Series H             | 08/09/07    | 4.95% - 5.15%           | 2022 - 2042         | 57,020                            | -                | -                           | (1,335)        | 55,685                            | -                                 | 55,685                         |
| 2007 Series I             | 08/09/07    | 5.80% - 6.56%           | 2014 - 2043         | 52,915                            | -                | (2,470)                     | (5,805)        | 44,640                            | -                                 | 44,640                         |
| 2007 Series J             | 08/09/07    | Variable rate           | 9/1/2031            | 37,485                            | -                | -                           | (4,685)        | 32,800                            | -                                 | 32,800                         |
| 2007 Series K             | 12/12/07    | 3.55% - 3.85%           | 2014 - 2017         | 11,940                            | -                | (3,445)                     | (700)          | 7,795                             | -                                 | 7,795                          |
| 2007 Series M             | 12/12/07    | Variable rate           | 9/1/2043            | 29,050                            | -                | -                           | -              | 29,050                            | -                                 | 29,050                         |
| 2008 Series A             | 06/19/08    | 3.55% - 4.00%           | 2014 - 2017         | 36,450                            | -                | (8,000)                     | (975)          | 27,475                            | -                                 | 27,475                         |
| 2008 Series B             | 09/04/08    | 3.75% - 4.20%           | 2014 - 2017         | 9,550                             | -                | (2,250)                     | (2,655)        | 4,645                             | -                                 | 4,645                          |
| 2008 Series D             | 09/04/08    | Variable rate           | 9/1/2038            | 49,890                            | -                | -                           | -              | 49,890                            | -                                 | 49,890                         |
| 2008 Series E             | 12/17/08    | 3.90% - 4.55%           | 2014 - 2017         | 11,010                            | -                | (3,000)                     | (405)          | 7,605                             | -                                 | 7,605                          |

(continued)

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 7 - BONDS PAYABLE (Continued)

| Issue dated                           | Range of interest rates | Range of maturities | Debt Outstanding at June 30, 2014 | Bond Activity       |                             |                    | Debt Outstanding at June 30, 2015 | Bond premiums /discounts deferred | Bonds payable at June 30, 2015 |                     |
|---------------------------------------|-------------------------|---------------------|-----------------------------------|---------------------|-----------------------------|--------------------|-----------------------------------|-----------------------------------|--------------------------------|---------------------|
|                                       |                         |                     |                                   | New bonds issued    | Scheduled maturity payments | Bonds redeemed     |                                   |                                   |                                |                     |
| Residential Revenue Bonds (continued) |                         |                     |                                   |                     |                             |                    |                                   |                                   |                                |                     |
| 2009 Series A                         | 09/24/09                | 2.35% - 5.05%       | 2014 - 2039                       | \$ 36,875           | \$ -                        | \$ (810)           | \$ -                              | \$ 36,065                         | \$ -                           | \$ 36,065           |
| 2009 Series B                         | 10/08/09                | 2.15% - 4.75%       | 2014 - 2039                       | 41,350              | -                           | (950)              | -                                 | 40,400                            | -                              | 40,400              |
| 2009 Series C                         | 10/27/09                | 2.00% - 4.55%       | 2014 - 2039                       | 14,685              | -                           | (335)              | -                                 | 14,350                            | -                              | 14,350              |
| 2010 Series A                         | 06/09/10                | 3.95% - 4.45%       | 2018 - 2021                       | 24,335              | -                           | -                  | (1,055)                           | 23,280                            | -                              | 23,280              |
| 2010 Series B                         | 12/16/10                | 5.125% - 5.25%      | 2030 - 2035                       | 37,265              | -                           | -                  | (37,265)                          | -                                 | -                              | -                   |
| 2011 Series A                         | 05/05/11                | 1.625% - 5.375%     | 2014 - 2041                       | 59,805              | -                           | (2,170)            | (3,300)                           | 54,335                            | 680                            | 55,015              |
| 2011 Series B                         | 05/05/11                | Indexed Rate        | 3/1/2036                          | 20,000              | -                           | -                  | -                                 | 20,000                            | (85)                           | 19,915              |
| 2012 Series A                         | 08/23/12                | 0.741% - 4.00%      | 2014 - 2025                       | 35,500              | -                           | (3,075)            | (2,035)                           | 30,390                            | 391                            | 30,781              |
| 2012 Series B                         | 08/23/12                | Variable rate       | 9/1/2033                          | 45,000              | -                           | -                  | -                                 | 45,000                            | -                              | 45,000              |
| 2014 Series A                         | 02/20/14                | 0.30% - 4.30%       | 2015 - 2032                       | 57,515              | -                           | (285)              | -                                 | 57,230                            | -                              | 57,230              |
| 2014 Series B                         | 02/20/14                | 0.30% - 3.25%       | 2014 - 2044                       | 35,480              | -                           | (1,320)            | (3,050)                           | 31,110                            | 997                            | 32,107              |
| 2014 Series C                         | 09/25/14                | 0.15% - 4.00%       | 2015 - 2044                       | -                   | 47,960                      | -                  | (155)                             | 47,805                            | 1,210                          | 49,015              |
| 2014 Series D                         | 09/25/14                | 0.25% - 4.00%       | 2015 - 2036                       | -                   | 23,885                      | (720)              | (200)                             | 22,965                            | 1,384                          | 24,349              |
| 2014 Series E                         | 09/25/14                | 0.50% - 4.478%      | 2015 - 2040                       | -                   | 53,205                      | (660)              | (875)                             | 51,670                            | -                              | 51,670              |
| 2014 Series F                         | 09/25/14                | Variable rate       | 9/1/2044                          | -                   | 25,000                      | -                  | -                                 | 25,000                            | -                              | 25,000              |
| Total                                 |                         |                     |                                   | <u>\$ 1,702,370</u> | <u>\$ 150,050</u>           | <u>\$ (65,400)</u> | <u>\$ (230,565)</u>               | <u>\$ 1,556,455</u>               | <u>\$ 6,708</u>                | <u>\$ 1,563,163</u> |

The following is a summary of the bond activity for the year ended June 30, 2014, and the debt outstanding and bonds payable as of June 30, 2014:

| Issue dated               | Range of interest rates | Range of maturities | Debt Outstanding at June 30, 2013 | Bond Activity    |                             |                | Debt Outstanding at June 30, 2014 | Bond premiums /discounts deferred | Bonds payable at June 30, 2014 |        |
|---------------------------|-------------------------|---------------------|-----------------------------------|------------------|-----------------------------|----------------|-----------------------------------|-----------------------------------|--------------------------------|--------|
|                           |                         |                     |                                   | New bonds issued | Scheduled maturity payments | Bonds redeemed |                                   |                                   |                                |        |
| Residential Revenue Bonds |                         |                     |                                   |                  |                             |                |                                   |                                   |                                |        |
| 2003 Series A             | 11/01/03                | 3.90% - 4.05%       | 2013 - 2015                       | \$ 2,955         | \$ -                        | \$ (945)       | \$ (2,010)                        | \$ -                              | \$ -                           | \$ -   |
| 2003 Series B             | 11/01/03                | 4.75%               | 2019                              | 615              | -                           | -              | (615)                             | -                                 | -                              | -      |
| 2003 Series C             | 12/09/03                | Variable rate       | 9/1/2035                          | 20,000           | -                           | -              | (20,000)                          | -                                 | -                              | -      |
| 2004 Series A             | 05/13/04                | 3.85% - 4.20%       | 2013 - 2016                       | 4,490            | -                           | (1,060)        | -                                 | 3,430                             | -                              | 3,430  |
| 2004 Series B             | 05/13/04                | 5.00%               | 2023 - 2028                       | 3,140            | -                           | -              | (1,670)                           | 1,470                             | -                              | 1,470  |
| 2004 Series D             | 08/12/04                | 4.00% - 4.40%       | 2013 - 2016                       | 5,305            | -                           | (1,250)        | (4,055)                           | -                                 | -                              | -      |
| 2004 Series E             | 08/12/04                | 5.15% - 5.25%       | 2023 - 2030                       | 8,965            | -                           | -              | (8,965)                           | -                                 | -                              | -      |
| 2004 Series F             | 08/12/04                | Variable rate       | 9/1/2035                          | 20,000           | -                           | -              | (20,000)                          | -                                 | -                              | -      |
| 2004 Series G             | 11/10/04                | 3.35% - 3.65%       | 2013 - 2016                       | 5,390            | -                           | (1,280)        | -                                 | 4,110                             | -                              | 4,110  |
| 2004 Series H             | 11/10/04                | 4.55% - 5.00%       | 2023 - 2029                       | 9,375            | -                           | -              | (4,055)                           | 5,320                             | 2                              | 5,322  |
| 2004 Series I             | 11/10/04                | Variable rate       | 9/1/2035                          | 20,000           | -                           | -              | -                                 | 20,000                            | -                              | 20,000 |

(continued)

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 7 - BONDS PAYABLE (Continued)

|                                       | Issue dated | Range of interest rates | Range of maturities | Debt                         | Bond Activity    |                             |                | Debt                         | Bond                         | Bonds                    |
|---------------------------------------|-------------|-------------------------|---------------------|------------------------------|------------------|-----------------------------|----------------|------------------------------|------------------------------|--------------------------|
|                                       |             |                         |                     | Outstanding at June 30, 2013 | New bonds issued | Scheduled maturity payments | Bonds redeemed | Outstanding at June 30, 2014 | premiums /discounts deferred | payable at June 30, 2014 |
| Residential Revenue Bonds (continued) |             |                         |                     |                              |                  |                             |                |                              |                              |                          |
| 2005 Series A                         | 03/30/05    | 3.60% - 3.90%           | 2013 - 2016         | \$ 5,565                     | \$ -             | \$ (1,315)                  | \$ -           | \$ 4,250                     | \$ -                         | \$ 4,250                 |
| 2005 Series B                         | 03/30/05    | 4.55% - 5.25%           | 2023 - 2029         | 14,485                       | -                | -                           | (2,155)        | 12,330                       | 76                           | 12,406                   |
| 2005 Series D                         | 11/10/05    | 3.75% - 4.05%           | 2013 - 2017         | 6,775                        | -                | (1,255)                     | -              | 5,520                        | -                            | 5,520                    |
| 2005 Series E                         | 11/10/05    | 4.75% - 5.50%           | 2025 - 2036         | 33,900                       | -                | -                           | (4,055)        | 29,845                       | 52                           | 29,897                   |
| 2006 Series A                         | 02/23/06    | 3.80% - 4.10%           | 2013 - 2017         | 6,535                        | -                | (1,215)                     | -              | 5,320                        | -                            | 5,320                    |
| 2006 Series B                         | 02/23/06    | 4.75% - 5.50%           | 2025 - 2037         | 35,345                       | -                | -                           | (3,015)        | 32,330                       | 62                           | 32,392                   |
| 2006 Series E                         | 05/24/06    | 4.00% - 4.35%           | 2013 - 2017         | 12,865                       | -                | (2,375)                     | -              | 10,490                       | -                            | 10,490                   |
| 2006 Series F                         | 05/24/06    | 4.80% - 6.00%           | 2021 - 2039         | 32,950                       | -                | -                           | (5,720)        | 27,230                       | 275                          | 27,505                   |
| 2006 Series G                         | 05/24/06    | Variable rate           | 9/1/2040            | 40,000                       | -                | -                           | -              | 40,000                       | -                            | 40,000                   |
| 2006 Series H                         | 07/13/06    | 3.95% - 4.15%           | 2013 - 2017         | 9,685                        | -                | (1,780)                     | -              | 7,905                        | -                            | 7,905                    |
| 2006 Series I                         | 07/13/06    | 4.20% - 6.00%           | 2013 - 2041         | 92,925                       | -                | (1,785)                     | (10,685)       | 80,455                       | 530                          | 80,985                   |
| 2006 Series J                         | 07/13/06    | Variable rate           | 9/1/2040            | 60,000                       | -                | -                           | -              | 60,000                       | -                            | 60,000                   |
| 2006 Series K                         | 09/14/06    | 3.90% - 4.15%           | 2013 - 2017         | 8,255                        | -                | (1,515)                     | -              | 6,740                        | -                            | 6,740                    |
| 2006 Series L                         | 09/14/06    | 4.30% - 5.75%           | 2013 - 2041         | 126,670                      | -                | (1,610)                     | (8,990)        | 116,070                      | 336                          | 116,406                  |
| 2006 Series O                         | 12/13/06    | 3.65% - 3.85%           | 2013 - 2017         | 5,470                        | -                | (1,010)                     | -              | 4,460                        | -                            | 4,460                    |
| 2006 Series P                         | 12/13/06    | 4.10% - 5.75%           | 2013 - 2037         | 61,595                       | -                | (1,685)                     | (4,785)        | 55,125                       | 262                          | 55,387                   |
| 2006 Series S                         | 12/13/06    | 6.07%                   | 9/1/2037            | 18,120                       | -                | -                           | (2,355)        | 15,765                       | -                            | 15,765                   |
| 2007 Series A                         | 03/28/07    | 4.10% - 5.75%           | 2013 - 2047         | 204,145                      | -                | (3,360)                     | (17,800)       | 182,985                      | 3,161                        | 186,146                  |
| 2007 Series B                         | 03/28/07    | 6.00%                   | 9/1/2037            | 22,625                       | -                | -                           | (2,485)        | 20,140                       | -                            | 20,140                   |
| 2007 Series C                         | 06/20/07    | 3.75% - 3.95%           | 2013 - 2017         | 27,105                       | -                | (5,110)                     | -              | 21,995                       | -                            | 21,995                   |
| 2007 Series D                         | 06/20/07    | 4.65% - 5.50%           | 2022 - 2048         | 139,075                      | -                | -                           | (11,390)       | 127,685                      | 777                          | 128,462                  |
| 2007 Series E                         | 06/20/07    | 5.27% - 6.11%           | 2015 - 2042         | 42,545                       | -                | (1,875)                     | -              | 40,670                       | -                            | 40,670                   |
| 2007 Series F                         | 06/20/07    | Variable rate           | 9/1/2031            | 37,350                       | -                | -                           | (7,435)        | 29,915                       | -                            | 29,915                   |
| 2007 Series G                         | 08/09/07    | 4.05% - 4.30%           | 2013 - 2017         | 33,915                       | -                | (6,220)                     | -              | 27,695                       | -                            | 27,695                   |
| 2007 Series H                         | 08/09/07    | 4.95% - 5.20%           | 2022 - 2048         | 59,350                       | -                | -                           | (2,330)        | 57,020                       | -                            | 57,020                   |
| 2007 Series I                         | 08/09/07    | 5.75% - 6.56%           | 2014 - 2043         | 55,290                       | -                | (2,375)                     | -              | 52,915                       | -                            | 52,915                   |
| 2007 Series J                         | 08/09/07    | Variable rate           | 9/1/2031            | 46,100                       | -                | -                           | (8,615)        | 37,485                       | -                            | 37,485                   |
| 2007 Series K                         | 12/12/07    | 3.45% - 3.85%           | 2013 - 2017         | 16,285                       | -                | (3,320)                     | (1,025)        | 11,940                       | -                            | 11,940                   |
| 2007 Series M                         | 12/12/07    | Variable rate           | 9/1/2043            | 29,050                       | -                | -                           | -              | 29,050                       | -                            | 29,050                   |
| 2008 Series A                         | 06/19/08    | 3.35% - 4.00%           | 2013 - 2017         | 43,850                       | -                | (6,000)                     | (1,400)        | 36,450                       | -                            | 36,450                   |
| 2008 Series B                         | 09/04/08    | 3.55% - 4.20%           | 2013 - 2017         | 11,725                       | -                | (2,175)                     | -              | 9,550                        | -                            | 9,550                    |
| 2008 Series C                         | 09/04/08    | 4.45% - 5.375%          | 2019 - 2039         | 42,365                       | -                | -                           | (42,365)       | -                            | -                            | -                        |
| 2008 Series D                         | 09/04/08    | Variable rate           | 9/1/2038            | 49,890                       | -                | -                           | -              | 49,890                       | -                            | 49,890                   |
| 2008 Series E                         | 12/17/08    | 3.80% - 4.55%           | 2013 - 2017         | 15,000                       | -                | (3,000)                     | (990)          | 11,010                       | -                            | 11,010                   |
| 2008 Series F                         | 12/17/08    | 4.75%                   | 9/1/2018            | 6,000                        | -                | -                           | (6,000)        | -                            | -                            | -                        |
| 2009 Series A                         | 09/24/09    | 2.00% - 5.05%           | 2013 - 2039         | 37,675                       | -                | (800)                       | -              | 36,875                       | -                            | 36,875                   |
| 2009 Series B                         | 10/08/09    | 1.875% - 4.75%          | 2013 - 2039         | 42,280                       | -                | (930)                       | -              | 41,350                       | -                            | 41,350                   |
| 2009 Series C                         | 10/27/09    | 1.75% - 4.55%           | 2013 - 2039         | 15,015                       | -                | (330)                       | -              | 14,685                       | -                            | 14,685                   |
| 2010 Series A                         | 06/09/10    | 3.95% - 4.45%           | 2018 - 2021         | 26,080                       | -                | -                           | (1,745)        | 24,335                       | -                            | 24,335                   |
| 2010 Series B                         | 12/16/10    | 5.125% - 5.25%          | 2030 - 2035         | 39,205                       | -                | -                           | (1,940)        | 37,265                       | -                            | 37,265                   |
| 2011 Series A                         | 05/05/11    | 1.125% - 5.375%         | 2013 - 2041         | 67,575                       | -                | (2,145)                     | (5,625)        | 59,805                       | 924                          | 60,729                   |
| 2011 Series B                         | 05/05/11    | Indexed Rate            | 3/1/2036            | 20,000                       | -                | -                           | -              | 20,000                       | (89)                         | 19,911                   |
| 2012 Series A                         | 08/23/12    | 0.477% - 4.00%          | 2013 - 2025         | 42,950                       | -                | (3,030)                     | (4,420)        | 35,500                       | 496                          | 35,996                   |
| 2012 Series B                         | 08/23/12    | Variable rate           | 9/1/2033            | 45,000                       | -                | -                           | -              | 45,000                       | -                            | 45,000                   |
| 2014 Series A                         | 02/20/14    | 0.30% - 4.30%           | 2015 - 2032         | -                            | 57,515           | -                           | -              | 57,515                       | -                            | 57,515                   |
| 2014 Series B                         | 02/20/14    | 0.30% - 3.25%           | 2014 - 2044         | -                            | 35,565           | -                           | (85)           | 35,480                       | 1,120                        | 36,600                   |
| Total                                 |             |                         |                     | \$ 1,888,820                 | \$ 93,080        | \$ (60,750)                 | \$ (218,780)   | \$ 1,702,370                 | \$ 7,984                     | \$ 1,710,354             |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 8 - DEBT SERVICE REQUIREMENTS

As of June 30, 2015, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2015 and excluding the effect of unamortized discounts/premiums as shown in Note 7) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

| Years ended June 30, | Interest   | Principal    |
|----------------------|------------|--------------|
| 2016                 | \$ 53,917  | \$ 93,485    |
| 2017                 | 51,082     | 66,045       |
| 2018                 | 48,816     | 75,095       |
| 2019                 | 46,501     | 50,755       |
| 2020                 | 44,602     | 49,415       |
| 2021 - 2025          | 194,127    | 233,005      |
| 2026 - 2030          | 146,143    | 243,060      |
| 2031 - 2035          | 103,567    | 295,595      |
| 2036 - 2040          | 58,204     | 252,880      |
| 2041 - 2045          | 19,070     | 187,080      |
| 2046 - 2050          | 733        | 10,040       |
| Totals               | \$ 766,762 | \$ 1,556,455 |

The interest calculations on outstanding variable rate bonds in the amount of \$327,185 are based on the variable rates in effect on June 30, 2015, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary. See Note 9 for information on interest rate exchange agreements (swaps) associated with the variable rate debt in the Fund.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 8 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2014, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2014 and excluding the effect of unamortized discounts/premiums as shown in Note 7) and interest payments for each of the next five years and in 5-year increments thereafter were as follows:

| Years ended June 30, | Interest   | Principal    |
|----------------------|------------|--------------|
| 2015                 | \$ 63,216  | \$ 74,360    |
| 2016                 | 60,504     | 67,970       |
| 2017                 | 57,940     | 69,740       |
| 2018                 | 55,393     | 82,065       |
| 2019                 | 52,740     | 54,530       |
| 2020 - 2024          | 230,623    | 256,880      |
| 2025 - 2029          | 177,872    | 238,895      |
| 2030 - 2034          | 130,546    | 329,980      |
| 2035 - 2039          | 76,015     | 316,480      |
| 2040 - 2044          | 28,216     | 196,135      |
| 2045 - 2049          | 1,388      | 15,335       |
| Totals               | \$ 934,453 | \$ 1,702,370 |

The interest calculations on outstanding variable rate bonds in the amount of \$331,340 are based on the variable rates in effect on June 30, 2014, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary. See Note 9 for information on interest rate exchange agreements (swaps) associated with the variable rate debt in the Fund.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS)

Objective of the Swaps

As a means to lower its borrowing costs, CDA issues variable rate bonds. In order to protect against the potential increases in interest rates, CDA has entered into pay-fixed, receive-variable interest rate swap agreements in connection with certain variable rate bond series. CDA anticipates that the net swap payments and interest payments on underlying bonds will be lower than what CDA would have paid if it had issued fixed rate debt at the time of the underlying bond issuances. All of CDA's swaps are intended to be cash flow hedges.

Terms and Fair Value

The terms, including the fair values of the outstanding swaps as of June 30, 2015 and 2014, are provided in the tables on the following pages. The counterparty credit ratings for all outstanding swaps as of June 30, 2015 and 2014 are listed under the Credit Risk section. For each of the outstanding swap agreements the variable rates are reset monthly, and it is the intent of CDA to match the maturity of the swaps with the maturity of the underlying bonds. The fair values are based on the market values and are affirmed by an independent advisor who used valuation methods and assumptions in accordance with accounting guidance issued by GASB.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2015, the terms, including fair values of the outstanding swaps, were:

| Swap Counter-party                          | Associated Bond Issue | Original Notional Amount | Outstanding Notional Amount | Effective Date          | Fixed Rate Paid      | Variable Rate Received (1)          | Fair Value | Swap Final Termination Date    |
|---|-----------------------|--------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|------------|--------------------------------|
| The Bank of New York Mellon (BNYM)          | 2006 Series G         | \$40,000                 | \$40,000                    | 5/24/2006               | 4.4030%              | 64% of LIBOR plus .29%              | (\$1,555)  | 9/1/2040<br>(2)(12)            |
| JPMorgan Chase Bank, N.A. (JPM)             | 2006 Series J         | \$40,000                 | \$40,000                    | 7/13/2006               | 4.4030%              | 64% of LIBOR plus .29%              | (\$1,556)  | 9/1/2040<br>(2)(6)             |
| JPMorgan Chase Bank, N.A. (JPM)             | 2006 Series J         | \$20,000                 | \$20,000                    | 7/13/2006               | 4.4550%              | 64% of LIBOR plus .29%              | (\$788)    | 9/1/2040<br>(2)(6)             |
| Merrill Lynch Derivative Products AG (MLDP) | 2007 Series F         | \$46,485<br>(amended)    | \$25,445                    | 10/27/2009<br>(amended) | 4.4300%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$1,687)  | 3/1/2026<br>(3)(5)(8)(11)      |
| Merrill Lynch Derivative Products AG (MLDP) | 2007 Series J         | \$58,680<br>(amended)    | \$32,800                    | 9/1/2009<br>(amended)   | 4.8350%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$2,452)  | 9/1/2025<br>(3)(5)(8)(9)       |
| The Bank of New York Mellon (BNYM)          | 2007 Series M         | \$26,990<br>(amended)    | \$9,995                     | 10/8/2009<br>(amended)  | 4.3350%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$1,011)  | 9/1/2043<br>(4)(5)(10)<br>(13) |
| Merrill Lynch Derivative Products AG (MLDP) | 2008 Series D         | \$50,000                 | \$49,890                    | 9/4/2008                | 3.6880%              | 64% of LIBOR plus .31%              | (\$4,123)  | 9/1/2038<br>(5)(7)(8)          |

Notes to 2015 Table on next page

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Notes to 2015 Table

- (1) "LIBOR" means the 1 month London Interbank Offered Rate.
- (2) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2016 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (3) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2017 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (4) CDA has the option to terminate a portion of this interest rate swap transaction without any termination payment up to the Maximum Optional Early Termination Amounts on each March 1 and September 1 until September 1, 2017. CDA has exercised its option to partially terminate the notional amount of this interest rate swap in the amount of \$2,060 effective September 1, 2009, \$1,515 effective March 1, 2010, \$1,735 effective September 1, 2010, \$1,700 effective March 1, 2011, \$1,425 effective September 1, 2011, \$1,185 effective March 1, 2012, \$975 effective September 1, 2012, \$790 effective March 1, 2013, \$610 effective September 1, 2013, \$470 effective March 1, 2014, \$340 effective September 1, 2014 and \$235 effective March 1, 2015. CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2017 and on each March 1 and September 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (5) The outstanding notional amount reflects the amount that has been amortized as of March 1, 2015. On September 1, 2010, 2008 Series D had a scheduled amortization of the notional amount which corresponded to a scheduled mandatory sinking fund redemption of outstanding bonds on such date.
- (6) On May 14, 2009, all swap agreements with Bear Stearns Financial Products Inc. were assigned to JPMorgan Chase Bank, N.A. All terms and conditions of the contracts remain in force.
- (7) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2018 and on each March 1 and September 1 thereafter (Optional Par Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (8) On January 1, 2009, Bank of America Corporation acquired Merrill Lynch & Co., Inc. Notwithstanding this acquisition, Merrill Lynch Derivative Products AG remains in existence and continues as a swap provider on this swap agreement.
- (9) On September 24, 2009, 2007 Series J bonds, with an outstanding balance of \$58,680, were remarketed and the related swap agreement was amended effective September 1, 2009.
- (10) On October 8, 2009, 2007 Series M bonds, with an outstanding balance of \$29,050, were remarketed and the related swap agreement with an outstanding balance of \$26,990 was amended effective October 8, 2009 (refer to note 5 above). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement.
- (11) On October 27, 2009, 2007 Series F bonds, with an outstanding balance of \$46,485, were remarketed and the related swap agreement was amended effective October 27, 2009.
- (12) The Bank of New York Mellon entered into a Novation Transaction dated April 10, 2014 whereby The Bank of New York Mellon replaced UBS AG as counterparty to the agreement. All terms and conditions of the contract remains in force.
- (13) Subsequent to June 30, 2015, CDA exercised its option and partially terminated the interest rate swap in the amount of \$120 effective September 1, 2015.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2014, the terms, including fair values of the outstanding swaps, were:

| Swap Counter-party                          | Associated Bond Issue | Original Notional Amount | Outstanding Notional Amount | Effective Date          | Fixed Rate Paid      | Variable Rate Received (1)          | Fair Value | Swap Final Termination Date    |
|---|-----------------------|--------------------------|-----------------------------|-------------------------|----------------------|-------------------------------------|------------|--------------------------------|
| JPMorgan Chase Bank, N.A. (JPM)             | 2004 Series I         | \$20,000                 | \$20,000                    | 9/1/2005                | 3.8525%              | 64% of LIBOR plus .29%              | (\$343)    | 9/1/2035<br>(2)(7)(15)         |
| The Bank of New York Mellon (BNYM)          | 2006 Series G         | \$40,000                 | \$40,000                    | 5/24/2006               | 4.4030%              | 64% of LIBOR plus .29%              | (\$3,040)  | 9/1/2040<br>(3)(13)            |
| JPMorgan Chase Bank, N.A. (JPM)             | 2006 Series J         | \$40,000                 | \$40,000                    | 7/13/2006               | 4.4030%              | 64% of LIBOR plus .29%              | (\$3,038)  | 9/1/2040<br>(3)(7)             |
| JPMorgan Chase Bank, N.A. (JPM)             | 2006 Series J         | \$20,000                 | \$20,000                    | 7/13/2006               | 4.4550%              | 64% of LIBOR plus .29%              | (\$1,543)  | 9/1/2040<br>(3)(7)             |
| Merrill Lynch Derivative Products AG (MLDP) | 2007 Series F         | \$46,485<br>(amended)    | \$28,435                    | 10/27/2009<br>(amended) | 4.4300%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$2,688)  | 3/1/2026<br>(4)(6)(9)(12)      |
| Merrill Lynch Derivative Products AG (MLDP) | 2007 Series J         | \$58,680<br>(amended)    | \$36,600                    | 9/1/2009<br>(amended)   | 4.8350%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$3,881)  | 9/1/2025<br>(4)(6)(9)(10)      |
| The Bank of New York Mellon (BNYM)          | 2007 Series M         | \$26,990<br>(amended)    | \$11,360                    | 10/8/2009<br>(amended)  | 4.3350%<br>(amended) | 64% of LIBOR plus .22%<br>(amended) | (\$1,160)  | 9/1/2043<br>(5)(6)(11)<br>(14) |
| Merrill Lynch Derivative Products AG (MLDP) | 2008 Series D         | \$50,000                 | \$49,890                    | 9/4/2008                | 3.6880%              | 64% of LIBOR plus .31%              | (\$4,876)  | 9/1/2038<br>(8)(9)             |

Notes to 2014 Table on next page

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Notes to 2014 Table

- (1) "LIBOR" means the 1 month London Interbank Offered Rate.
- (2) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2014 and on each March 1 and September 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (3) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2016 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (4) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on March 1, 2017 and on each September 1 and March 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (5) CDA has the option to terminate a portion of this interest rate swap transaction without any termination payment up to the Maximum Optional Early Termination Amounts on each March 1 and September 1 until September 1, 2017. CDA has exercised its option to partially terminate the notional amount of this interest rate swap in the amount of \$2,060 effective September 1, 2009, \$1,515 effective March 1, 2010, \$1,735 effective September 1, 2010, \$1,700 effective March 1, 2011, \$1,425 effective September 1, 2011, \$1,185 effective March 1, 2012, \$975 effective September 1, 2012, \$790 effective March 1, 2013, \$610 effective September 1, 2013 and \$470 effective March 1, 2014. CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2017 and on each March 1 and September 1 thereafter (Optional Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (6) The outstanding notional amount reflects the amount that has been amortized as of March 1, 2014. On September 1, 2010, 2008 Series D had a scheduled amortization of the notional amount which corresponded to a scheduled mandatory sinking fund redemption of outstanding bonds on such date.
- (7) On May 14, 2009, all swap agreements with Bear Stearns Financial Products Inc. were assigned to JPMorgan Chase Bank, N.A. All terms and conditions of the contracts remain in force.
- (8) CDA has the option to terminate this interest rate swap transaction in whole or in part without any termination payment on September 1, 2018 and on each March 1 and September 1 thereafter (Optional Par Termination Dates). If the option is exercised in part, the applicable notional amounts shall be reduced pro rata.
- (9) On January 1, 2009, Bank of America Corporation acquired Merrill Lynch & Co., Inc. Notwithstanding this acquisition, Merrill Lynch Derivative Products AG remains in existence and continues as a swap provider on this swap agreement.
- (10) On September 24, 2009, 2007 Series J bonds, with an outstanding balance of \$58,680, were remarketed and the related swap agreement was amended effective September 1, 2009.
- (11) On October 8, 2009, 2007 Series M bonds, with an outstanding balance of \$29,050, were remarketed and the related swap agreement with an outstanding balance of \$26,990 was amended effective October 8, 2009 (refer to note 5 above). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement.
- (12) On October 27, 2009, 2007 Series F bonds, with an outstanding balance of \$46,485, were remarketed and the related swap agreement was amended effective October 27, 2009.
- (13) The Bank of New York Mellon entered into a Novation Transaction dated April 10, 2014 whereby The Bank of New York Mellon replaced UBS AG as counterparty to the agreement. All terms and conditions of the contract remains in force.
- (14) Subsequent to June 30, 2014, CDA exercised its option and partially terminated the interest rate swap in the amount of \$340 effective September 1, 2014.
- (15) Also, subsequent to June 30, 2014, CDA exercised its option and terminated the interest rate swap in the amount of \$20,000 effective September 1, 2014.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Basis Risk

The swaps would expose CDA to basis risk should the relationship between the London Interbank Offered Rate and the Securities Industry and Financial Markets Association Rate converge. If a change occurs that results in the rates moving towards convergence, the expected cost savings may not be realized. In order to mitigate this risk, prior to the execution of the swap agreements, CDA and its independent financial advisor reviewed historical trading differentials between the Securities Industry and Financial Markets Association Rate and the London Interbank Offered Rate.

Credit Risk

Credit risk is the risk that a swap counterparty will not fulfill its obligations. The fair value of the swaps represented CDA's credit exposure to each counterparty as of June 30, 2015 and 2014. As of June 30, 2015, CDA was not exposed to credit risk under the swap agreements with JPM, MLDP or BNYM since the fair value of each counterparty's swap portfolio was negative. However, should the valuation of any of the individual swaps change, and the fair values turn positive, CDA may become exposed to credit risk in the amount of the swaps' fair values. To mitigate the potential for credit risk, the fair value of the swaps will be fully collateralized by the counterparties if a counterparty's credit quality falls below the designated credit rating thresholds. At June 30, 2014, CDA was not exposed to credit risk under the swap agreements with JPM, MLDP or BNYM since the swaps had negative fair values.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2015 are summarized below:

| Swap Counterparty                           | Outstanding Notional Amount | Current Credit Rating                               | Collateral Posting Credit Rating Threshold                                   | Fair Value |
|---|-----------------------------|---|--|------------|
| JPMorgan Chase Bank, N.A. (JPM)             | \$60,000                    | Aa3 from Moody's<br>A+ from Standard and Poor's     | A1 or below from Moody's or<br>A+ or below from Standard and Poor's          | (\$2,344)  |
| Merrill Lynch Derivative Products AG (MLDP) | \$108,135                   | Aa3 from Moody's<br>A+ Neg from Standard and Poor's | A1 or below from Moody's or<br>A+ or below from Standard and Poor's or Fitch | (\$8,262)  |
| The Bank of New York Mellon (BNYM)          | \$49,995                    | Aa2 from Moody's<br>AA- from Fitch                  | A1 or below from Moody's or<br>A+ or below from Fitch                        | (\$2,566)  |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2014 are summarized below:

| Swap Counterparty                           | Outstanding Notional Amount | Current Credit Rating                                | Collateral Posting Credit Rating Threshold                                   | Fair Value |
|---|-----------------------------|--|--|------------|
| JPMorgan Chase Bank, N.A. (JPM)             | \$80,000                    | Aa3 from Moody's<br>A+ from Standard and Poor's      | A1 or below from Moody's or<br>A+ or below from Standard and Poor's          | (\$4,924)  |
| Merrill Lynch Derivative Products AG (MLDP) | \$114,925                   | Aa3 from Moody's<br>A+ Neg from Standard and Poor's* | A1 or below from Moody's or<br>A+ or below from Standard and Poor's or Fitch | (\$11,445) |
| The Bank of New York Mellon (BNYM)          | \$51,360                    | Aa2 from Moody's<br>AA- from Fitch                   | A1 or below from Moody's or<br>A+ or below from Fitch                        | (\$4,200)  |

Termination Risk

Termination risk is the risk that, due to some event or exercise of a right, the swaps may terminate prior to the scheduled expiration which could result in a payment due from CDA. Furthermore, if a swap is terminated, the underlying variable rate bonds may be exposed to the rising variable interest rates.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

According to the termination provisions of the swap agreements, CDA or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The counterparty can terminate the contract if the ratings on the related bonds fall below the credit rating thresholds. In addition, CDA has an option to terminate the swaps in part or in whole without any payment except for accrued interest on the respective Optional Termination Dates. Regardless of the above, CDA has a unilateral right to terminate swaps at any time upon adequate notification to the counterparty. If at the time of such termination a swap has a negative fair value, CDA would be liable to the counterparty for a payment equal to the swap's fair value along with any accrued interest.

Rollover Risk

CDA is exposed to rollover risk on the swap agreements if the agreement terminates prior to the maturity of the associated debt. CDA evaluates the range of reasonably expected repayment patterns for the financed assets to best match the swap schedule. Terminating an existing swap may enable CDA to enter a new swap or other financing mechanism that may be better tailored to the actual financed assets and repayment experience. It is the intent of CDA to match the maturity of the swaps with the maturity of the underlying bonds.

Amortization Risk

Amortization risk is the risk that the actual redemption pattern of the bonds may differ from the swap schedule, producing a mismatch between the principal amount of the bonds outstanding and the outstanding notional amount of the swap. To address this risk, CDA has structured all swap transactions to provide for optional termination on the respective Optional Termination Dates and automatic incremental amortization of the swap notional amounts. Mortgage loan prepayments can also be directed to the variable rate series to match the outstanding notional swap amount to the outstanding amount of the underlying bonds.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Tax Risk

Tax risk is the risk that the value of tax exemption may decline through tax law changes and that variable interest rates would then rise toward taxable levels and the expected cost savings of the swaps may not be realized.

Counterparty Risk

Counterparty risk is the risk that a counterparty will fail to make required payments. In order to limit this type of risk, CDA diversifies its exposure across several counterparties.

Swap Payments and Associated Debt

As of June 30, 2015, the following table provides a summary of debt service requirements for hedged variable rate bonds and net swap payments for the next five years and in 5-year increments thereafter. The interest calculations are based on the variable rates in effect on June 30, 2015, and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary.

| Year ending<br>June 30, | Hedged<br>Variable Rate Bonds |          | Interest Rate<br>Swaps, Net | Total      |
|-------------------------|-------------------------------|----------|-----------------------------|------------|
|                         | Principal                     | Interest |                             |            |
| 2016                    | \$ 4,110                      | \$ 154   | \$ 8,449                    | \$ 12,713  |
| 2017                    | -                             | 153      | 8,001                       | 8,154      |
| 2018                    | 2,000                         | 154      | 7,552                       | 9,706      |
| 2019                    | 3,300                         | 151      | 7,070                       | 10,521     |
| 2020                    | 1,395                         | 149      | 6,670                       | 8,214      |
| 2021 - 2025             | 9,560                         | 720      | 29,350                      | 39,630     |
| 2026 - 2030             | 76,185                        | 504      | 25,001                      | 101,690    |
| 2031 - 2035             | 47,810                        | 348      | 18,018                      | 66,176     |
| 2036 - 2040             | 57,365                        | 163      | 7,735                       | 65,263     |
| 2041 - 2045             | 16,405                        | 26       | 197                         | 16,628     |
| Totals                  | \$ 218,130                    | \$ 2,522 | \$ 118,043                  | \$ 338,695 |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

As of June 30, 2014, the following table provides a summary of debt service requirements for hedged variable rate bonds and net swap payments for the next five years and in 5-year increments thereafter. The interest calculations are based on the variable rates in effect on June 30, 2014, and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary.

| Year ending<br>June 30, | Hedged<br>Variable Rate Bonds |                 | Interest Rate<br>Swaps, Net | Total             |
|-------------------------|-------------------------------|-----------------|-----------------------------|-------------------|
|                         | Principal                     | Interest        |                             |                   |
| 2015                    | \$ 4,255                      | \$ 166          | \$ 9,192                    | \$ 13,613         |
| 2016                    | -                             | 151             | 8,517                       | 8,668             |
| 2017                    | -                             | 151             | 8,068                       | 8,219             |
| 2018                    | 2,000                         | 151             | 7,616                       | 9,767             |
| 2019                    | 3,300                         | 149             | 7,129                       | 10,578            |
| 2020 - 2024             | 9,150                         | 724             | 30,844                      | 40,718            |
| 2025 - 2029             | 76,625                        | 585             | 25,896                      | 103,106           |
| 2030 - 2034             | 45,580                        | 434             | 19,968                      | 65,982            |
| 2035 - 2039             | 76,230                        | 212             | 9,984                       | 86,426            |
| 2040 - 2044             | 29,145                        | 37              | 873                         | 30,055            |
| Totals                  | <u>\$ 246,285</u>             | <u>\$ 2,760</u> | <u>\$ 128,087</u>           | <u>\$ 377,132</u> |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

Fair Values

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2014 and June 30, 2015, and the changes in fair values for the period ended June 30, 2015.

|                                    | Total<br>Fair Value at<br>June 30, 2014 | Total<br>Fair Value at<br>June 30, 2015 | Change in<br>Fair Value<br>for the Period |
|------------------------------------|---|---|---|
| Interest Rate Exchange Agreements: |   |   |   |
| Cash Flow Hedges                   | \$ (20,569)                             | \$ (13,172)                             | \$ 7,397                                  |
| Investment Derivatives             | -                                       | -                                       | -   |
| Total                              | \$ (20,569)                             | \$ (13,172)                             | \$ 7,397                                  |

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ended June 30, 2015, are as follows:

|                                  | Change in Fair Value  |          | Fair Value at June 30, 2015 |             | Outstanding<br>Notional<br>Amounts |
|----------------------------------|-----------------------|----------|-----------------------------|-------------|------------------------------------|
|                                  | Classification        | Amount   | Classification              | Amount      |                                    |
| Cash Flow Hedges:                |                       |          |                             |             |                                    |
| Pay fixed interest<br>rate swaps | Deferred<br>Outflow   | \$ 7,397 | Debt                        | \$ (13,172) | \$ 218,130                         |
| Investment Derivatives:          |                       |          |                             |             |                                    |
| Pay fixed interest<br>rate swaps | Investment<br>Revenue | \$ -     | Investment                  | \$ -        | \$ -                               |

As of June 30, 2015, all of CDA's swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2013 and June 30, 2014, and the changes in fair values for the period ended June 30, 2014.

|                                    | Total<br>Fair Value at<br>June 30, 2013 | Total<br>Fair Value at<br>June 30, 2014 | Change in<br>Fair Value<br>for the Period |
|------------------------------------|---|---|---|
| Interest Rate Exchange Agreements: |   |   |   |
| Cash Flow Hedges                   | \$ (27,065)                             | \$ (20,569)                             | \$ 6,496                                  |
| Investment Derivatives             | -                                       | -                                       | -   |
| Total                              | <u>\$ (27,065)</u>                      | <u>\$ (20,569)</u>                      | <u>\$ 6,496</u>                           |

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2014, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ended June 30, 2014, are as follows:

|                                  | Change in Fair Value  |          | Fair Value at June 30, 2014 |             | Outstanding<br>Notional<br>Amounts |
|----------------------------------|-----------------------|----------|-----------------------------|-------------|------------------------------------|
|                                  | Classification        | Amount   | Classification              | Amount      |                                    |
| Cash Flow Hedges:                |                       |          |                             |             |                                    |
| Pay fixed interest<br>rate swaps | Deferred<br>Outflow   | \$ 6,496 | Debt                        | \$ (20,569) | \$ 246,285                         |
| Investment Derivatives:          |                       |          |                             |             |                                    |
| Pay fixed interest<br>rate swaps | Investment<br>Revenue | \$ -     | Investment                  | \$ -        | \$ -                               |

As of June 30, 2014, all of CDA's swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS) (Continued)

The fair values of the interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on each future net settlement on the swaps.

NOTE 10 - BOND REFUNDINGS

Certain refundings of debt are due to the prepayments of single family mortgage loans. In these cases, CDA transfers the proceeds of the refunding bonds to a redemption account to redeem previously issued bonds and, simultaneously, transfers the prepayments of single family mortgage loans financed by these prior bonds to the refunding bonds' accounts for the purpose of originating new loans. This recycling of prepayments enables CDA to originate new loans that are not subject to the limitations of the IRS volume cap. CDA does not pay call premiums on these special redemptions, and the refundings are not undertaken to reduce interest rates, revise payment schedules or modify restrictions related to the old debt. CDA writes off any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Statements of Revenue, Expenses and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss.

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds for the purpose of lowering debt costs by reducing interest rates or for other purposes such as revising payment schedules or modifying restrictions related to the old debt. This type of transaction is commonly known as an economic refunding.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 10 - BOND REFUNDINGS (Continued)

For the year ended June 30, 2015, CDA issued \$150,050 of 2014 Series C, D, E and F bonds on September 25, 2014 which refunded \$81,185 of 2004 Series A, B, G, H and I, and 2005 Series A, B, D and E bonds, in full, on October 27, 2014. This economic refunding reduced CDA's exposure to variable rate debt, maintained tax yield compliance and resulted in savings of approximately \$3.8 million. The following table summarizes the bonds that were issued and refunded:

| New Bonds Issued                          |               |                 | Bonds Refunded |                 |
|---|---------------|-----------------|----------------|-----------------|
| Bonds Issued                              | Amount Issued | Amount Refunded | Bonds Refunded | Amount Refunded |
| 2014 Series C                             | \$ 47,960     | \$ 2,785        | 2004 Series G  | \$ 2,785        |
| 2014 Series D<br>(includes issue premium) | \$ 25,364     | \$ 25,320       | 2004 Series H  | \$ 5,320        |
|   |               |                 | 2004 Series I  | \$ 20,000       |
| 2014 Series E                             | \$ 53,205     | \$ 53,080       | 2004 Series A  | \$ 2,330        |
|   |               |                 | 2004 Series B  | \$ 1,470        |
|   |               |                 | 2005 Series A  | \$ 2,885        |
|   |               |                 | 2005 Series B  | \$ 12,330       |
|   |               |                 | 2005 Series D  | \$ 4,220        |
|   |               |                 | 2005 Series E  | \$ 29,845       |

For the year ended June 30, 2014, CDA issued \$93,080 of 2014 Series A and B bonds on February 20, 2014 which refunded \$42,765 of 2003 Series A and C, and 2004 Series D, E and F bonds, in full, on March 6, 2014. This economic refunding reduced CDA's exposure to variable rate debt and maintained tax yield compliance.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 10 - BOND REFUNDINGS (Continued)

In economic refundings, CDA defers the difference between the reacquisition price (i.e., the principal of the old debt, plus the call premium) and the net carrying amount of the old debt (i.e., the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt). These deferrals would be reported as a deferred outflow or a deferred inflow of resources for the refunding of debt on the Statements of Net Position. This deferral would be amortized, using the effective interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter. For the 2014 fiscal year, CDA did not have to defer any refunding debt costs associated with the refunded bonds. As a result of the refundings described above for the 2015 fiscal year, CDA deferred \$127 of unamortized bond premiums from 2005 Series B and 2005 Series E which were refunded with the proceeds of 2014 Series E. This deferral is shown as a deferred inflow of resources on the Statements of Net Position. The unamortized bond premium balance of \$127 is being amortized as follows:

\$76 of 2005 Series B amortized over 179 months  
\$51 of 2005 Series E amortized over 209 months

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 11 - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the Code. The Code requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenue, Expenses and Changes in Net Position is adjusted by the change in the estimated rebate liability due to change in fair value of investments. CDA has no rebate liability from interest income or from unrealized gains on mortgage-backed securities.

Rebate liability activity for the years ended June 30, 2015 and 2014 was as follows:

|  | 2015   | 2014   |
|--|--------|--------|
| Beginning rebate liability   | \$ 220 | \$ 182 |
| Change in estimated liability due to excess investment earnings          | -      | -      |
| Change in estimated liability due to change in fair value of investments | (220)  | 38     |
|  | \$ -   | \$ 220 |
| Ending rebate liability  | \$ -   | \$ 220 |

Total rebate liability is allocated as follows:

|  | 2015 | 2014   |
|--|------|--------|
| Estimated liability due to change in fair value of investments | \$ - | \$ 220 |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2015 and 2014 were as follows:

|   | <u>2015</u>         | <u>2014</u>         |
|---|---------------------|---------------------|
| Rebate liability  |                     |                     |
| Beginning balance at June 30                                  | \$ 220              | \$ 182              |
| Additions   | -                   | 38                  |
| Reductions  | (220)               | -                   |
| Ending balance at June 30                                     | <u>-</u>            | <u>220</u>          |
| Less due within one year                                      | <u>-</u>            | <u>-</u>            |
| Total long-term rebate liability                              | <u>-</u>            | <u>220</u>          |
| Bonds payable   |                     |                     |
| Beginning balance at June 30                                  | 1,710,354           | 1,901,247           |
| Additions   | 152,728             | 94,211              |
| Reductions  | (295,965)           | (279,530)           |
| Change in deferred amounts for<br>issuance discounts/premiums | <u>(3,954)</u>      | <u>(5,574)</u>      |
| Ending balance at June 30                                     | 1,563,163           | 1,710,354           |
| Less due within one year                                      | <u>(93,485)</u>     | <u>(74,360)</u>     |
| Total long-term bonds payable                                 | <u>1,469,678</u>    | <u>1,635,994</u>    |
| Deposits by borrowers   |                     |                     |
| Beginning balance at June 30                                  | 4,706               | 4,684               |
| Additions   | 1,977               | 2,094               |
| Reductions  | <u>(1,538)</u>      | <u>(2,072)</u>      |
| Ending balance at June 30                                     | 5,145               | 4,706               |
| Less due within one year                                      | <u>(2,455)</u>      | <u>(2,575)</u>      |
| Total long-term deposits<br>by borrowers                      | <u>2,690</u>        | <u>2,131</u>        |
| Interest rate swap agreements                                 |                     |                     |
| Beginning balance at June 30                                  | 20,569              | 27,065              |
| Additions   | -                   | -                   |
| Reductions  | <u>(7,397)</u>      | <u>(6,496)</u>      |
| Ending balance at June 30                                     | <u>13,172</u>       | <u>20,569</u>       |
| Total long-term interest rate<br>swap agreements              | <u>13,172</u>       | <u>20,569</u>       |
| Total long-term liabilities                                   | <u>\$ 1,485,540</u> | <u>\$ 1,658,914</u> |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 13 - INTERFUND ACTIVITY

In accordance with the Resolution, net position in Residential Revenue Bonds is restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Resolution to meet the obligations of the Fund in current and future years.

During the years ended June 30, 2015 and 2014, the Fund transferred the following amounts, as permitted, among Funds:

|  | 2015       | 2014       |
|--|------------|------------|
| Excess revenue transferred to the<br>General Bond Reserve Fund   | \$ (6,875) | \$ (7,845) |
| Cost of issuance on bonds and other expenses<br>transferred to Single Family Housing Revenue Bonds     | -          | (520)      |
| Fees earned in connection with Multi-Family Housing<br>Revenue Bonds transferred from separate account | -          | 4,894      |
| Transfer to separate account in accordance<br>with HUD agreement                                       | -          | (8)        |
|  | \$ (6,875) | \$ (3,479) |

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 14 - MORTGAGE INSURANCE

Substantially all mortgage loans in the Fund have mortgage insurance as described in Note 4.

Multi-family mortgagors pay premiums for mortgage insurance and insurance coverage is 100% of the unpaid principal balance of the loan.

For a single family loan insured by an agency of the U.S. Government the primary mortgage insurance covers an amount substantially equal to the unpaid principal amount of the loan. Almost all other loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Approximately 3% of all first lien loans either did not have primary mortgage insurance due to their original loan-to-value ratios of less than 80% or have cancelled primary mortgage insurance due to their outstanding balance falling below 80% of the original loan amount. About 42% of all loans are insured by agencies of the U.S. Government in an amount substantially equal to the unpaid principal amount of the loan. Approximately 55% of total loans are insured by private mortgage insurers or MHF. Approximately 97% of the total loans insured by private mortgage insurers or MHF are covered at 35% of the loan amount. The remaining 3% of this group of loans is insured by two different private mortgage insurers who, due to financial constraints or receivership, are currently paying to CDA three quarters of the 35% or approximately 25% of the loan amount. An allowance for loan losses has been established for loans insured by private mortgage insurers. Premiums are paid by single family mortgagors.

CDA entered into an agreement (the Reinsurance Agreement) with MHF effective January 1, 2011, in order to provide supplemental insurance coverage in the Fund for all private mortgage insured loans and post-2005 MHF primary insured loans residing in the active portfolio as of December 31, 2010. Insured loans in the private mortgage insurance portfolio have 35% coverage from the private mortgage insurer. Upon receipt of the primary mortgage insurance claim, MHF paid 100% of the remaining claim amount for all private mortgage insured loans and post-2005 MHF primary insured loans that have foreclosure dates occurring after December 31, 2010. Once the claim was paid by MHF, the property was transferred to MHF for disposal and was no longer an asset of CDA. Upon sale of the property and if the sale resulted in a loss, CDA and MHF shared equally in any such loss incurred. The Reinsurance Agreement was terminated on April 1, 2014 at which time the total amount of MHF net losses (the amount calculated after all claims were paid and expenses were realized) had reached \$12,500.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 15 - PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by CDA to the State of Maryland prior to year end. The liability for the employees is recorded by the general fund of the State of Maryland and is not allocated to CDA. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at [www.sra.state.md.us](http://www.sra.state.md.us).

NOTE 16 - SUBSEQUENT EVENTS

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 CDA through September 30, 2015 (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, except for the following activity that occurred subsequent to June 30, 2015.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2015 and 2014

NOTE 16 - SUBSEQUENT EVENTS (Continued)

Subsequent to the year ended June 30, 2015, the following bond activity took place:

On July 31, 2015, CDA redeemed the following bonds:

|               |          |
|---------------|----------|
| 2007 Series A | \$4,835  |
| 2007 Series C | \$5,480  |
| 2007 Series G | \$6,770  |
| 2007 Series H | \$10,510 |
| 2007 Series K | \$3,580  |
| 2008 Series A | \$5,000  |
| 2008 Series E | \$3,000  |
| 2010 Series A | \$225    |
| 2011 Series A | \$690    |
| 2014 Series B | \$1,115  |
| 2014 Series C | \$200    |
| 2014 Series D | \$255    |

On September 1, 2015, CDA redeemed the following bonds:

|               |         |
|---------------|---------|
| 2006 Series S | \$890   |
| 2007 Series B | \$815   |
| 2007 Series E | \$2,275 |
| 2007 Series F | \$1,900 |
| 2007 Series I | \$3,645 |
| 2007 Series J | \$1,715 |
| 2012 Series A | \$1,275 |
| 2014 Series E | \$985   |
| 2014 Series F | \$210   |

Community Development Administration  
Residential Revenue Bonds

**SUPPLEMENTAL DISCLOSURES OF CHANGE  
IN FAIR VALUE OF INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES**  
(in thousands)  
(unaudited)

June 30, 2015 and 2014

In accordance with accounting guidance issued by GASB, CDA reflects investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses and Changes in Net Position.

For investments (obligations of U.S. Government Agencies) held by the Fund as of June 30, 2015, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

| Fiscal year ended<br>June 30, | Annual increases<br>/decreases | Cumulative<br>total |
|-------------------------------|--------------------------------|---------------------|
| 2000                          | \$ (227)                       | \$ (227)            |
| 2001                          | \$ 551                         | \$ 324              |
| 2002                          | \$ 97                          | \$ 421              |
| 2003                          | \$ 544                         | \$ 965              |
| 2004                          | \$ (674)                       | \$ 291              |
| 2005                          | \$ 403                         | \$ 694              |
| 2006                          | \$ (1,567)                     | \$ (873)            |
| 2007                          | \$ 1,062                       | \$ 189              |
| 2008                          | \$ 785                         | \$ 974              |
| 2009                          | \$ 46                          | \$ 1,020            |
| 2010                          | \$ 2,747                       | \$ 3,767            |
| 2011                          | \$ (2,244)                     | \$ 1,523            |
| 2012                          | \$ 1,374                       | \$ 2,897            |
| 2013                          | \$ (855)                       | \$ 2,042            |
| 2014                          | \$ 243                         | \$ 2,285            |
| 2015                          | \$ 43                          | \$ 2,328            |

Community Development Administration  
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE  
IN FAIR VALUE OF INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES - CONTINUED  
(in thousands)  
(unaudited)

June 30, 2015 and 2014

Reconciliation of the annual increases/decreases in investment fair value to the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2015:

|  |               |
|--|---------------|
| Increase in fair value of investments held<br>at June 30, 2015   | \$ 43         |
| Adjustment due to rebate liability (see Note 11)   | <u>220</u>    |
| Increase in fair value of investments, net of rebate, as<br>reported on the Statement of Revenue, Expenses and<br>Changes in Net Position for the year ended June 30, 2015 | <u>\$ 263</u> |

Reconciliation of the annual increases/decreases in investment fair value to the Statement of Revenue, Expenses and Changes in Net Position for the year ended June 30, 2014:

|  |               |
|--|---------------|
| Increase in fair value of investments held<br>at June 30, 2014   | \$ 243        |
| Adjustment due to rebate liability (see Note 11)   | <u>(38)</u>   |
| Increase in fair value of investments, net of rebate, as<br>reported on the Statement of Revenue, Expenses and<br>Changes in Net Position for the year ended June 30, 2014 | <u>\$ 205</u> |

Community Development Administration  
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE  
IN FAIR VALUE OF INVESTMENTS AND  
MORTGAGE-BACKED SECURITIES - CONTINUED  
(in thousands)  
(unaudited)

June 30, 2015 and 2014

For mortgage-backed securities held by the Fund as of June 30, 2015, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

| <u>Fiscal year ended<br/>June 30,</u> | <u>Annual increases<br/>/decreases</u> | <u>Cumulative<br/>total</u> |
|---------------------------------------|--|-----------------------------|
| 2011                                  | \$ (585)                               | \$ (585)                    |
| 2012                                  | \$ 1,858                               | \$ 1,273                    |
| 2013                                  | \$ (5,593)                             | \$ (4,320)                  |
| 2014                                  | \$ 3,127                               | \$ (1,193)                  |
| 2015                                  | \$ 503                                 | \$ (690)                    |

APPENDIX I  
MARYLAND HOUSING FUND  
FINANCIAL STATEMENTS

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**MARYLAND HOUSING FUND**

JUNE 30, 2015 AND 2014

Maryland Housing Fund  
TABLE OF CONTENTS

|                                       | PAGE |
|---------------------------------------|------|
| INDEPENDENT AUDITOR'S REPORT          | 3    |
| FINANCIAL STATEMENTS                  |      |
| STATEMENTS OF NET POSITION            | 5    |
| STATEMENTS OF REVENUES AND EXPENSES   | 7    |
| STATEMENTS OF CHANGES IN NET POSITION | 8    |
| STATEMENTS OF CASH FLOWS              | 9    |
| NOTES TO FINANCIAL STATEMENTS         | 11   |

## INDEPENDENT AUDITOR'S REPORT

Office of the Secretary  
Department of Housing and Community Development

We have audited the accompanying financial statements of the Maryland Housing Fund (MHF) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2015 and 2014, as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 MHF as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

As discussed in Note 1, the financial statements present only the Maryland Housing Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Baltimore, Maryland  
October 28, 2015

Maryland Housing Fund  
 STATEMENTS OF NET POSITION  
 June 30, 2015 and 2014

|   | <u>2015</u>                 | <u>2014</u>                 |
|---|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |                             |                             |
| Current assets  |                             |                             |
| Unrestricted current assets   |                             |                             |
| Deposit with State Treasurer  |                             |                             |
| Operating account   | \$ 1,312,494                | \$ 1,701,370                |
| Loans and interest receivable, net of allowance for<br>loans and related losses                     | 182,105                     | 181,702                     |
| Acquired property   | 94,166                      | 197,704                     |
| Other   | <u>341,548</u>              | <u>272,868</u>              |
| Total unrestricted current assets   | <u>1,930,313</u>            | <u>2,353,644</u>            |
| Restricted current assets   |                             |                             |
| Deposit with State Treasurer  |                             |                             |
| Reserve accounts  | <u>83,333,605</u>           | <u>84,663,629</u>           |
| Total restricted current assets   | <u>83,333,605</u>           | <u>84,663,629</u>           |
| Total current assets  | <u>85,263,918</u>           | <u>87,017,273</u>           |
| Non-current assets  |                             |                             |
| Investment held for borrower  | 2,027,176                   | 1,983,925                   |
| Loans and interest receivable, net of allowance for loans<br>and related losses and current portion | <u>144,877</u>              | <u>170,449</u>              |
| Total non-current assets  | <u>2,172,053</u>            | <u>2,154,374</u>            |
| Total assets  | <u><u>\$ 87,435,971</u></u> | <u><u>\$ 89,171,647</u></u> |

(continued)

Maryland Housing Fund

STATEMENTS OF NET POSITION - CONTINUED

June 30, 2015 and 2014

|   | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|
| <b>LIABILITIES AND NET POSITION</b>                           |                      |                      |
| Current liabilities   |                      |                      |
| Accounts payable  | \$ 104,646           | \$ 367,490           |
| Accrued compensated absences                                  | 67,779               | 124,017              |
| Accrued workers' compensation                                 | 310                  | 465                  |
| Mortgage escrow accounts                                      | 293,675              | 289,360              |
| Unearned premiums   | 854,157              | 865,019              |
| Allowance for unpaid insurance losses                         | <u>2,047,280</u>     | <u>1,922,759</u>     |
| Total current liabilities                                     | <u>3,367,847</u>     | <u>3,569,110</u>     |
| Non-current liabilities                                       |                      |                      |
| Accrued compensated absences, net of current portion          | 55,390               | 149,872              |
| Accrued workers' compensation, net of current portion         | 1,690                | 2,535                |
| Investment held for borrower                                  | 2,027,176            | 1,983,925            |
| Allowance for unpaid insurance losses, net of current portion | <u>9,854,763</u>     | <u>10,535,690</u>    |
| Total non-current liabilities                                 | <u>11,939,019</u>    | <u>12,672,022</u>    |
| Total liabilities   | <u>15,306,866</u>    | <u>16,241,132</u>    |
| Net position  |                      |                      |
| Restricted net position                                       |                      |                      |
| Multi-Family Reserve  | 44,698,739           | 44,698,739           |
| Single Family Regular Reserve                                 | 16,998,460           | 18,293,869           |
| Revitalization (Pilot) Reserve                                | 2,185,258            | 2,198,502            |
| General Reserve   | 8,593,422            | 8,593,422            |
| Unallocated Reserve   | <u>10,868,580</u>    | <u>10,879,097</u>    |
| Total restricted net position                                 | 83,344,459           | 84,663,629           |
| Unrestricted accumulated deficit                              | <u>(11,215,354)</u>  | <u>(11,733,114)</u>  |
| Total net position  | <u>72,129,105</u>    | <u>72,930,515</u>    |
| Total liabilities and net position                            | <u>\$ 87,435,971</u> | <u>\$ 89,171,647</u> |

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF REVENUES AND EXPENSES

Years ended June 30, 2015 and 2014

|   | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|
| Operating revenues                                |                  |                  |
| Net premiums                                      | \$ 1,465,871     | \$ 3,104,944     |
| Interest income on reserves                       | 868,580          | 879,097          |
| Interest income on loans                          | 528,628          | 522,653          |
| Other income                                      | 51,916           | 61,157           |
|   | <u>2,914,995</u> | <u>4,567,851</u> |
| Operating expenses                                |                  |                  |
| General and administrative                        | 1,796,528        | 3,628,516        |
| Acquired property                                 | 1,323,860        | 1,865,382        |
| Net losses on sales of acquired property          | 4,593            | 883,897          |
| Provision (benefit) for insurance and loan losses | (287,673)        | (1,843,057)      |
|   | <u>2,837,308</u> | <u>4,534,738</u> |
| Change in net position                            | <u>\$ 77,687</u> | <u>\$ 33,113</u> |

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CHANGES IN NET POSITION

Years ended June 30, 2015 and 2014

|   | Restricted Net Position     |  |                                      |                    |                        | Unrestricted<br>Accumulated<br>Deficit | Total         |
|---|-----------------------------|--|--------------------------------------|--------------------|------------------------|--|---------------|
|   | Multi-<br>Family<br>Reserve | Single<br>Family<br>Regular<br>Reserve | Revitalization<br>(Pilot)<br>Reserve | General<br>Reserve | Unallocated<br>Reserve |  |               |
| Balance at June 30, 2013  | \$ 44,698,739               | \$ 19,250,357                          | \$ 2,198,502                         | \$ 8,593,422       | \$ 10,769,907          | \$ (11,843,618)                        | \$ 73,667,309 |
| Interest income allocated<br>at the discretion of<br>DHCD Secretary | -                           | -                                      | -                                    | -                  | 879,097                | (879,097)                              | -             |
| Transfers out   | -                           | -                                      | -                                    | -                  | (769,907)              | -                                      | (769,907)     |
| Change in net position  | -                           | (956,488)                              | -                                    | -                  | -                      | 989,601                                | 33,113        |
| Balance at June 30, 2014  | 44,698,739                  | 18,293,869                             | 2,198,502                            | 8,593,422          | 10,879,097             | (11,733,114)                           | 72,930,515    |
| Interest income allocated<br>at the discretion of<br>DHCD Secretary | -                           | -                                      | -                                    | -                  | 868,580                | (868,580)                              | -             |
| Transfers out   | -                           | -                                      | -                                    | -                  | (879,097)              | -                                      | (879,097)     |
| Change in net position  | -                           | (1,295,409)                            | (13,244)                             | -                  | -                      | 1,386,340                              | 77,687        |
| Balance at June 30, 2015  | \$ 44,698,739               | \$ 16,998,460                          | \$ 2,185,258                         | \$ 8,593,422       | \$ 10,868,580          | \$ (11,215,354)                        | \$ 72,129,105 |

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CASH FLOWS

Years ended June 30, 2015 and 2014

|   | <u>2015</u>                 | <u>2014</u>                 |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities                      |                             |                             |
| Receipts from premiums, net                               | \$ 1,455,009                | \$ 3,225,220                |
| Receipts from loans                                       | 285,063                     | 163,428                     |
| Receipts from mortgage escrows                            | 113,116                     | 147,650                     |
| Payments for mortgage escrows                             | (108,801)                   | (133,807)                   |
| Receipts from miscellaneous fees                          | 51,916                      | 17,197                      |
| Payments for general and administrative expenses          | (2,211,092)                 | (3,230,856)                 |
| Sale proceeds from acquired property                      | 97,406                      | 7,221,836                   |
| Payments for acquired property                            | (1,391,000)                 | (9,179,883)                 |
| Receipts from interest earned on reserves                 | 868,580                     | 879,097                     |
| Transfer to state funded programs                         | <u>(879,097)</u>            | <u>(769,907)</u>            |
| Net cash used in operating activities                     | <u>(1,718,900)</u>          | <u>(1,660,025)</u>          |
| Net decrease in cash                                      | (1,718,900)                 | (1,660,025)                 |
| Deposit with State Treasurer, balance - beginning of year | <u>86,364,999</u>           | <u>88,025,024</u>           |
| Deposit with State Treasurer, balance - end of year       | <u><u>\$ 84,646,099</u></u> | <u><u>\$ 86,364,999</u></u> |

(continued)

Maryland Housing Fund

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30, 2015 and 2014

|  | <u>2015</u>           | <u>2014</u>           |
|--|-----------------------|-----------------------|
| Reconciliation of change in net position to net cash used in operating activities:       |                       |                       |
| Change in net position   | \$ 77,687             | \$ 33,113             |
| Adjustments to reconcile change in net position to net cash used in operating activities |                       |                       |
| Transfer to state funded programs  | (879,097)             | (769,907)             |
| Decrease in loans and interest receivable  | 25,169                | 25,827                |
| Decrease in acquired property  | 103,538               | 1,112,951             |
| (Increase) decrease in investments and other assets                                      | (111,931)             | 1,099,638             |
| Decrease in due from DHCD  | -                     | 373,385               |
| Decrease in accounts payable and other accrued liabilities                               | (366,998)             | (1,401,645)           |
| Decrease in allowance for unpaid insurance losses  | (556,406)             | (2,228,109)           |
| (Decrease) increase in unearned premiums   | <u>(10,862)</u>       | <u>94,722</u>         |
| Net cash used in operating activities  | <u>\$ (1,718,900)</u> | <u>\$ (1,660,025)</u> |

See notes to financial statements

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 1 - PROGRAM DESCRIPTION

The Maryland Housing Fund (MHF) was established in 1971 by Section 3-201 through 3-208 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, to encourage the flow of private investment capital into multiple-unit and Single Family housing by insuring qualified lending institutions against losses on mortgage loans. MHF is authorized to insure mortgage loans, including mortgage loans for Multi-Family developments financed by public agencies such as the Community Development Administration (CDA), and to provide primary insurance for Single Family mortgage loans. MHF insures against certain monetary losses incurred as a result of nonpayment of principal, interest or other sums agreed to be paid and certain other events of default under the terms of any insured mortgage loan, but does not insure against property losses, including without limitation, title risk, risks of defective construction or casualty, or any other reduction in project value due to insurable risk or force majeure, casualty or title loss. Legislation enacted in 1981 enables MHF to originate mortgage loans to assist in the disposal of property acquired through foreclosure or pursuant to any other payment in settlement of a claim or loss. MHF is a unit within the division of Housing Credit Assurance of the Department of Housing and Community Development (DHCD).

MHF maintains five restricted insurance reserves, which are separate from MHF's operating funds. Four of the reserves cover specific categories of insurance; the Multi-Family Reserve, the Single Family Regular Program Reserve, the Revitalization (PILOT) Reserve, and the General Reserve. The investment earnings on each of the four specific reserves are credited to a fifth reserve, the Unallocated Reserve, which may be used to pay claims on all categories of claims or for any other purpose consistent with the contractual obligations with the Administration's bondholders. In 2008, Legislation was passed under Senate Bill 983 requiring MHF to transfer from the Unallocated Account to DHCD's State Funded Revolving Housing Loan Programs all amounts in excess of \$10,000,000 at the end of each fiscal year. These transfers can be found on the Statements of Changes in Net Position as Transfers Out located on page 8 of this document.

The MHF statute provides that any moneys of MHF that DHCD creates as an identifiable insurance reserve may be used only in conformance with the terms and conditions creating that reserve. MHF regulations provide that each reserve is maintained to pay claims arising from its respective category of insurance and may not be subject to claims arising from other categories of insurance except for the Unallocated Reserve.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 1 - PROGRAM DESCRIPTION (Continued)

MHF's reserve funds are derived from the net proceeds of five issues of State of Maryland (State) general obligation bonds aggregating \$39,300,000 and \$7,500,000 in proceeds derived from State appropriations. In addition, the funds have earned investment income and paid claims. The unrestricted accumulated deficit reflects MHF's operations since inception less interest income. The reserves are held by the Office of the Treasurer of the State, which credits MHF with income on investment of reserves for the benefit of MHF.

A. The Multi-Family Reserve supports several programs. All existing Multi-Family insurance, other than the program from private lenders, is 100% insurance of projects financed by revenue bonds. These programs include:

- Regular Multi-Family Program fully insures permanent mortgages originated prior to 1997 funded by CDA and the Housing Opportunities Commission of Montgomery County.
- Risk-Share Program insures both construction and permanent mortgages financed with CDA bonds with credit enhancement under the Federal Housing Administration (FHA) Risk Sharing Program. As a Level I participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, CDA would be responsible for reimbursement to FHA of up to 50% of such claim. As a Level II participant under the FHA Risk-Sharing Program, CDA would be responsible for reimbursement to FHA of up to 25% of such claim. MHF would reimburse CDA for its share of such losses. This is an active multi-family program.
- Special Housing Opportunity Program (SHOP) insures mortgages financed or refinanced for the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population which are owned by and sponsored by nonprofit organizations. This is an active multi-family program.
- Single Family mortgages funded through private lenders and CDA for permanent mortgages in publicly designated renewal or redevelopment areas. Insurance offered provided 100% coverage and is backed by the Multi-Family Reserve Fund. MHF continues to manage the existing portfolio but ceased issuing new insurance in 1997.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 1 - PROGRAM DESCRIPTION (Continued)

- MHF Demonstration Program - Effective December 9, 2014, MHF and the Administration created a demonstration program (the “MHF Demonstration Program”) whereby MHF insures short term loans (“Short Term Loans”) financed with proceeds from the sale of short term bonds issued under the Bond Resolution (the “Short Term Bonds”). The MHF Demonstration Program is an additional cost-effective option extended to borrowers for the provision of Credit Enhancement for Short Term Loans financed under the Bond Resolution. Eligibility for the MHF Demonstration Program is limited to projects where the project would need to use more than 25% of its projected tax credit equity to cash collateralize a letter of credit (“LOC”) that otherwise would be delivered to secure Short Term Bonds during construction, and the amount of the Short Term Loan (which equals the amount of the cash collateral account that would be required by a LOC provider) is greater than 25% of the projected tax credit equity. No borrower, including all related entities, may have Short Term loans insured under the MHF Demonstration Program at any one time in excess of \$5 million. In addition, 25% of the projected amount of tax credit equity to be generated by a project must be contributed to the project at the closing of the Short Term Loan. MHF’s obligations under the MHF Demonstration Program are backed only by (i) MHF’s Unallocated Reserve and (ii) any excess revenue available under the Bond Resolution. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million from the MHF Unallocated Reserve plus any excess revenue available under the Bond Resolution at any given time.
- B. The Single Family Regular Reserve insures mortgages funded by private Maryland lending institutions and CDA. These programs include:
- Single Family Regular Program consists of mortgages originated prior to 1997. These mortgages may have had primary insurance (MHF is liable for the top 25% of the original mortgage) and/or pool insurance (MHF is liable for the bottom 75% of the original mortgage). Pool insurance coverage was limited to 10% of lendable proceeds for the aggregate of revenue bond issues (stop-loss). Effective August 1, 2010, MHF was released from any obligation to provide the pool insurance on these loans. MHF continues to provide primary insurance on these loans.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 1 - PROGRAM DESCRIPTION (Continued)

- Mortgage Protection Program consists of 30 and 40 year mortgages originated after 2005, funded through CDA bonds with primary coverage of only the top 35% of the original mortgage and up to six months of mortgage payments (limited to no more than \$2,000 per month). These mortgages maintain a fixed rate of interest for the full loan term and allow borrowers to finance a one-time mortgage insurance premium in the mortgage, which will require no additional outlay of cash for closing, while lowering the monthly mortgage payment. MHF no longer issues new insurance under this program.
  - Reinsurance Program commenced in 2011 and consists of mortgages that CDA originated between 2005 and 2010 which had only 35% mortgage insurance. Under the program, CDA pays a monthly premium for MHF to insure 50% of any losses incurred by CDA on the uninsured 65% up to \$12.5 million. The program terminates on the earliest date of either when MHF has reached \$12.5 million in net losses or December 31, 2020. All claims are paid from the Single Family Regular Reserve. The program terminated in May 2014 when MHF had paid \$12.5 million in net losses.
- C. Revitalization (Pilot) Reserve insures mortgages funded through CDA and private Maryland lenders for 100% of the mortgage balance.
- Pilot Programs stimulates the flow of private mortgage capital into areas which have suffered decreasing home ownership and associated economic and social instability. These mortgages originated prior to 2005.
  - Healthy Neighborhood Program provides credit enhancement to a loan program sponsored by a nonprofit corporation, which is intended to stabilize and strengthen property values in targeted areas in the City of Baltimore. MHF guarantees less than 3% of the outstanding loan balance under this program.
- D. General Reserve
- Small single family programs provide 35% insurance coverage on CDA single family mortgages as an incentive to refinance or restructure loans for Maryland borrowers with an existing loan. MHF continues to maintain active mortgages but no longer issues new commitments under these programs.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 1 - PROGRAM DESCRIPTION (Continued)

- E. Unallocated Reserve may be allocated and transferred by the Secretary into each of the reserves, restricted by the Secretary as a reserve for the payment of a claim as part of a work-out, applied by MHF as payment of a claim or retained in the Unallocated Reserve pending allocation, transfer or restriction. Investment earnings on each of the five Reserves are credited to the Unallocated Reserve. Legislation enacted in fiscal year 2008 requires MHF to transfer from the Unallocated Reserve, any funds in excess of \$10 million annually to the State Funded Housing Loan Programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Relationship with the State

MHF is one of many programs administered by DHCD and the State. Other State agencies, such as the Department of Budget and Management, support DHCD by providing services for DHCD and thus allocate a portion of their expenses to DHCD. MHF has no direct employees and is entirely supported by staff at DHCD to perform all necessary functions of MHF. Thus, MHF's accompanying financial statements are not indicative of MHF as if it were a stand-alone entity. MHF is included in the enterprise funds of the State.

B. Generally Accepted Accounting Principles

MHF reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). Consequently, MHF applies all applicable GASB pronouncements.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains and losses during the reporting periods. Actual results could differ from these estimates.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Investments

The investment is a U.S. government treasury zero-coupon bond carried at fair value based on quoted market prices. The investment is classified as long-term based on the maturity date.

E. Loans and Interest Receivable, Net of Allowance for Loans and Related Losses

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses.

F. Acquired Property

Property acquired as a result of claims settled is carried at the principal claim cost, less management's estimate of expenses and losses related to the maintenance and sale of the property, which management believes approximates fair value less costs to sell. As of June 30, 2015 and 2014, acquired property consisted of Single Family property of \$94,166 and \$197,704, respectively.

G. Allowance for Unpaid Insurance Losses

MHF provides for estimated insurance losses under each insurance plan. The allowance for unpaid insurance losses is increased by provisions charged to current operating expenses and reduced by claim payments. The provision for possible insurance losses is based on management's review of insured properties, considering past loss experience and current economic conditions which may affect the frequency of claims and the recovery of claim costs. Actual results could differ from those estimates.

H. Restricted Net Position

In accordance with accounting guidance issued by the GASB, net position should be reported as restricted when constraints placed on net position use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation. Accordingly, all funds and accounts whose purpose is to pay possible future claims are restricted as to their use, as is interest earned on these restricted assets.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenues and Expenses

Operating revenues and expenses generally result from mortgage insurance activities in connection with MHF's ongoing operations. The principal operating revenue is mortgage insurance premiums. Operating expenses include expenses relating to claims from defaulted loans and general and administrative expenses. The interest earned on reserve accounts is restricted revenue.

J. Premium Income Recognition

Premium income on all loans are recognized on a straight-line basis over the benefit period covered by the premiums.

K. General and Administrative

MHF is subject to an allocation of intradepartmental support costs of the DHCD, which are included in general and administrative in the Statements of Revenues and Expenses. Such costs could affect MHF's financial position or operating results in a manner that differs from those that might have been obtained if MHF was autonomous. MHF records these costs as invoiced by DHCD for the fiscal year. However, the allocation is subject to review and adjustment subsequent to year-end.

L. Reclassifications

Certain items from the prior year financial statements have been reclassified to conform to the current year presentation.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 3 - CASH AND INVESTMENTS

A. Deposit with State Treasurer

MHF defines cash and cash equivalents as cash and short-term investments that are held on deposit with the State Treasurer. Cash receipts and disbursements of MHF are made through a cash pool maintained by the State Treasurer. None is uninsured and uncollateralized. MHF has on deposit with the State Treasurer both unrestricted and restricted cash and cash equivalents. MHF reports its operating account as unrestricted. MHF reserve accounts are reported as restricted

Additional information can be obtained from the State of Maryland Comprehensive Annual Financial Report.

B. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MHF adheres to Maryland State Treasurer's policy for managing its exposure to fair value loss arising from increasing interest rates. The Maryland State Treasurer's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase.

C. Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. MHF's policy for reducing its exposure to credit risk is to comply with Maryland State Treasurer's policy, which requires that the Treasurer's investments in repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. Treasuries or agency obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. MHF's policy for reducing this risk of loss is to comply with the Maryland State Treasurer's policy, which limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. Otherwise, there is no limit on the amount that may be invested in any one issuer.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, MHF will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. Investments and collateralized securities are held in trust by the trustee or the trustee agent, kept separate from the assets of the bank and from other trust accounts and are held in MHF's name.

E. Investment Held for Borrower

The investment consists of a U.S. government treasury zero-coupon bond carried at fair value based on quoted market prices. The investment is classified as long-term based on the maturity date.

The following asset reported at fair market value and held by MHF at June 30, 2015 and 2014 is evaluated in accordance with accounting guidance issued by the GASB for interest rate risk, credit risk, concentration of credit risk and custodial credit risk. This investment is held as collateral on a Multi-Family loan and matures on April 15, 2024.

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| Investment held for borrower<br>(Obligations of U.S.<br>Government Agencies) | <u>\$ 2,027,176</u> | <u>\$ 1,983,925</u> |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 4 - LOANS AND INTEREST RECEIVABLE, NET OF ALLOWANCE FOR LOANS AND RELATED LOSSES

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses. Mortgage loans, notes receivable and interest receivable were as follows for the years ended June 30, 2015 and 2014:

|  | <u>2015</u>         | <u>2014</u>         |
|--|---------------------|---------------------|
| Multi-Family   | \$ 7,626,702        | \$ 7,651,872        |
| Single Family  | 156,534             | 156,534             |
| Interest receivable on loans   | <u>9,592,577</u>    | <u>9,323,843</u>    |
|  | <u>17,375,813</u>   | <u>17,132,249</u>   |
| Allowance for possible losses on Multi-Family loans                          | (7,299,720)         | (7,299,721)         |
| Allowance for possible losses on Single Family loans                         | (156,534)           | (156,534)           |
| Allowance for possible losses on interest receivable                         | <u>(9,592,577)</u>  | <u>(9,323,843)</u>  |
| Total allowance for possible losses  | <u>(17,048,831)</u> | <u>(16,780,098)</u> |
| Loans and interest receivable, net of allowance for loans and related losses | <u>\$ 326,982</u>   | <u>\$ 352,151</u>   |
| Current portion, net of allowance  | \$ 182,105          | \$ 181,702          |
| Non-current portion, net of allowance  | <u>144,877</u>      | <u>170,449</u>      |
| Loans and interest receivable, net of allowance for loans and related losses | <u>\$ 326,982</u>   | <u>\$ 352,151</u>   |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 4 - LOANS AND INTEREST RECEIVABLE, NET OF ALLOWANCE FOR LOANS  
AND RELATED LOSSES (Continued)

Changes in the allowance for possible losses on loans and interest receivable were as follows  
for the years ended June 30, 2015 and 2014:

|                            | <u>2015</u>          | <u>2014</u>          |
|----------------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 16,780,098        | \$ 16,395,046        |
| Increase in provision      | <u>268,733</u>       | <u>385,052</u>       |
| Balance, end of year       | <u>\$ 17,048,831</u> | <u>\$ 16,780,098</u> |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 5 - UNEARNED PREMIUMS

The unearned premiums for the unexpired terms of all policies in force or written as of June 30, 2015 and 2014, and the changes for the years then ended were as follows:

|  | 2015  |                     |                    | Unearned<br>premiums at<br>end of<br>year |
|--|---|---------------------|--------------------|---|
|  | Unearned<br>premiums at<br>beginning of<br>year | Premiums<br>written | Premiums<br>earned |   |
| Multi-Family Programs                        |   |                     |                    |   |
| Construction and Permanent<br>Mortgages      | \$ 716,993                                      | \$ 1,201,297        | \$ 1,186,581       | \$ 731,709                                |
| SHOP Loans                                   | 46,923  | 52,869              | 67,562             | 32,230                                    |
| Total Multi-Family Programs                  | 763,916   | 1,254,166           | 1,254,143          | 763,939                                   |
| Single Family Programs                       |   |                     |                    |   |
| Single Family Regular                        |   |                     |                    |   |
| Primary                                      | 100,698   | 199,543             | 210,635            | 89,606                                    |
| Reinsurance                                  | -   | -                   | -                  | -   |
| Revitalization (Pilot)                       | 175   | 658                 | 457                | 376                                       |
| Community Development                        |   |                     |                    |   |
| Administration under<br>Multi-Family Reserve | 230   | 642                 | 636                | 236                                       |
| General                                      | -   | -                   | -                  | -   |
| Total Single Family Programs                 | 101,103   | 200,843             | 211,728            | 90,218                                    |
| Total for the year ended<br>June 30, 2015    | \$ 865,019                                      | \$ 1,455,009        | \$ 1,465,871       | \$ 854,157                                |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 5 - UNEARNED PREMIUMS (Continued)

|                              | 2014                                   |                     |                     |                                  |
|------------------------------|--|---------------------|---------------------|----------------------------------|
|                              | Unearned premiums at beginning of year | Premiums written    | Premiums earned     | Unearned premiums at end of year |
| Multi-Family Programs        |  |                     |                     |                                  |
| Construction and Permanent   |  |                     |                     |                                  |
| Mortgages                    | \$ 587,606                             | \$ 1,249,549        | \$ 1,120,162        | \$ 716,993                       |
| SHOP Loans                   | 29,485                                 | 72,263              | 54,825              | 46,923                           |
| Total Multi-Family Programs  | <u>617,091</u>                         | <u>1,321,812</u>    | <u>1,174,987</u>    | <u>763,916</u>                   |
| Single Family Programs       |  |                     |                     |                                  |
| Single Family Regular        |  |                     |                     |                                  |
| Primary                      | 151,596                                | 211,658             | 262,556             | 100,698                          |
| Reinsurance                  | -                                      | 1,665,200           | 1,665,200           | -                                |
| Revitalization (Pilot)       | 85                                     | 257                 | 167                 | 175                              |
| Community Development        |  |                     |                     |                                  |
| Administration under         |  |                     |                     |                                  |
| Multi-Family Reserve         | 247                                    | 739                 | 756                 | 230                              |
| General                      | <u>1,278</u>                           | <u>-</u>            | <u>1,278</u>        | <u>-</u>                         |
| Total Single Family Programs | <u>153,206</u>                         | <u>1,877,854</u>    | <u>1,929,957</u>    | <u>101,103</u>                   |
| Total for the year ended     |  |                     |                     |                                  |
| June 30, 2014                | <u>\$ 770,297</u>                      | <u>\$ 3,199,666</u> | <u>\$ 3,104,944</u> | <u>\$ 865,019</u>                |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 6 - NON-CURRENT OBLIGATIONS

Changes in non-current obligations for the years ended June 30, 2015 and 2014 were as follows:

|   | 2015                 |                   |                       |                      | Amount Due<br>Within<br>One Year |
|---|----------------------|-------------------|-----------------------|----------------------|----------------------------------|
|   | Beginning<br>Balance | Additions         | Reductions            | Ending<br>Balance    |                                  |
| Compensated absences                      | \$ 273,889           | \$ 92,918         | \$ (243,638)          | \$ 123,169           | \$ 67,779                        |
| Workers' compensation                     | 3,000                | -                 | (1,000)               | 2,000                | 310                              |
| Investment held for<br>borrower           | 1,983,925            | 43,251            | -                     | 2,027,176            | -                                |
| Allowance for unpaid<br>insurance losses  | 12,458,449           | -                 | (556,406)             | 11,902,043           | 2,047,280                        |
| Total for the year<br>ended June 30, 2015 | <u>\$ 14,719,263</u> | <u>\$ 136,169</u> | <u>\$ (801,044)</u>   | <u>\$ 14,054,388</u> | <u>\$ 2,115,369</u>              |
|   | 2014                 |                   |                       |                      | Amount Due<br>Within<br>One Year |
|   | Beginning<br>Balance | Additions         | Reductions            | Ending<br>Balance    |                                  |
| Compensated absences                      | \$ 337,365           | \$ 163,132        | \$ (226,608)          | \$ 273,889           | \$ 124,017                       |
| Workers' compensation                     | 3,000                | -                 | -                     | 3,000                | 465                              |
| Investment held for<br>borrower           | 1,904,906            | 79,019            | -                     | 1,983,925            | -                                |
| Allowance for unpaid<br>insurance losses  | 14,686,558           | -                 | (2,228,109)           | 12,458,449           | 1,922,759                        |
| Total for the year<br>ended June 30, 2014 | <u>\$ 16,931,829</u> | <u>\$ 242,151</u> | <u>\$ (2,454,717)</u> | <u>\$ 14,719,263</u> | <u>\$ 2,047,241</u>              |

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 7 - ALLOWANCE FOR UNPAID INSURANCE LOSSES

The allowance for unpaid insurance losses is the estimated claims settlement on notices of default that has been received by MHF, as well as loan defaults that have been incurred but have not been reported by the lenders. Although current accounting guidance specifically excludes mortgage guaranty insurance from its guidance relating to the reserves for losses, MHF establishes loss reserves using the general principles contained in the insurance standard.

For insured Multi-Family program properties, MHF establishes loss reserves on a case-by-case basis when insured loans are identified as currently in default based on MHF's expected claim payment, net of estimated recovery. At June 30, 2015, MHF had no Multi-Family loans in default. As a result, MHF provides only limited loss reserves on the Multi-Family portfolio.

For insured Single Family loans, MHF establishes its loss reserves based on past loss experiences and the current real estate market. MHF also reserves for defaults that have been incurred but have not been reported prior to the close of an accounting period, using estimated claim rates and claim sizes for the estimated number of defaults not reported. For Single Family program properties, insured loans which have gone through foreclosure and MHF has not paid a claim, MHF also reserves for losses based on past loss experiences and the current real estate market.

MHF's reserve process is based upon the assumptions of past experience, including the current real estate market and housing values in the locations where MHF has experienced high claim rates. Therefore, the reserves are necessarily based on estimates and the ultimate liability may vary from such estimates. Management regularly reviews the evaluation of the loss reserves utilizing current information and updates the assumptions in the estimation process accordingly. Any resulting adjustments are reflected in the current period's earnings as either a provision for losses or reduction in losses. Management believes that the allowance for unpaid insurance losses at June 30, 2015 was appropriately established on an aggregate basis and was adequate to cover the ultimate net cost of settling reported and unreported claims.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 7 - ALLOWANCE FOR UNPAID INSURANCE LOSSES (Continued)

Changes in allowance for unpaid insurance losses were as follows:

|                                  | <u>Multi-Family</u>        | <u>Single Family</u>       | <u>Total</u>                |
|----------------------------------|----------------------------|----------------------------|-----------------------------|
| Balance at June 30, 2013         | \$ 6,461,446               | \$ 8,225,112               | \$ 14,686,558               |
| Increase (decrease) in provision | <u>673,918</u>             | <u>(2,902,027)</u>         | <u>(2,228,109)</u>          |
| Balance at June 30, 2014         | 7,135,364                  | 5,323,085                  | 12,458,449                  |
| Increase (decrease) in provision | <u>385,349</u>             | <u>(941,755)</u>           | <u>(556,406)</u>            |
| Balance at June 30, 2015         | <u><u>\$ 7,520,713</u></u> | <u><u>\$ 4,381,330</u></u> | <u><u>\$ 11,902,043</u></u> |

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Multi-Family Mortgages

MHF insured mortgage loans as of June 30, 2015, net of partial claim payments, were as follows:

|  | <u>Number</u>     | <u>Current Balances</u>      |
|--|-------------------|------------------------------|
| CDA Construction and Permanent Mortgages<br>Loans financed by the Housing Opportunities<br>Commission of Montgomery County | 64                | \$ 126,001,837               |
| CDA SHOP Loans   | 2                 | 3,103,255                    |
| CDA Demonstration Program  | 152               | 17,292,800                   |
| CDA Single Family Loans under<br>Multi-Family Reserves   | 3                 | 2,759,098                    |
|  | <u>9</u>          | <u>51,721</u>                |
|  | <u><u>230</u></u> | <u><u>\$ 149,208,711</u></u> |

As of June 30, 2015, MHF had commitments of \$4,790,773 which had not yet been drawn.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 8 - COMMITMENTS AND CONTINGENCIES (Continued)

Single Family Mortgages

All loans insured by MHF are with approved lenders and are collateralized by a first or second lien against the improved property, which must be located in the State of Maryland. The details of insured loans and commitments to insure loans as of June 30, 2015, were as follows:

|                                | Insured Mortgages    |                |                  |                      |
|--------------------------------|----------------------|----------------|------------------|----------------------|
|                                | Original Commitments |                | Current Balances |                      |
|                                | Number               | Amount         | Amount           | Contingent Liability |
| Primary insurance coverage     |                      |                |                  |                      |
| Single Family Regular          |                      |                |                  |                      |
| 25% insured                    | 1,443                | \$ 75,577,511  | \$ 35,427,253    | \$ 8,856,813         |
| 35% insured                    | 290                  | 60,722,428     | 55,501,520       | 19,425,532           |
| Revitalization (Pilot) Program |                      |                |                  |                      |
| 100% insured                   | 7                    | 228,550        | 130,499          | 130,499              |
| 2.5% insured                   | 180                  | 32,809,126     | 28,959,865       | 723,997              |
| General                        |                      |                |                  |                      |
| 35% insured                    | 27                   | 7,257,449      | 6,534,866        | 2,287,203            |
| Total                          | 1,947                | \$ 176,595,064 | \$ 126,554,003   | \$ 31,424,044        |

As of June 30, 2015, MHF had committed primary insurance coverage on 24 mortgages under the Revitalization Reserve, Healthy Neighborhood Program in the amount of \$2,134,154 and is liable for 2.5%.

Effective August 1, 2010, MHF was released from any obligation to provide pool insurance for loans originated prior to 2005.

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2015 and 2014

NOTE 8 - COMMITMENTS AND CONTINGENCIES (Continued)

Effective January 1, 2011, MHF and CDA entered into a Reinsurance Pool Program for loans that CDA had originated between 2005 and 2010 which had only 35% mortgage insurance. Under the program CDA pays a monthly premium for MHF to insure 50% of any losses incurred by CDA on the uninsured 65% up to \$12.5 million. The program terminates on the earliest date of either when MHF has reached \$12.5 million in net losses or December 31, 2020. The Reinsurance Program terminated in May 2014 when MHF had paid \$12.5 million in net losses.

NOTE 9 - PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. MHF's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by MHF to the State of Maryland prior to year end. The liability for the employees is recorded by the general fund of the State of Maryland and is not allocated to MHF. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at [www.sra.state.md.us](http://www.sra.state.md.us).

NOTE 10 - SUBSEQUENT EVENTS

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 MHF through October 28, 2015 (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.

APPENDIX J

INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS

**INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS**  
As of June 30, 2015

| <u>Principal<br/>Balance</u> | <u>Guaranteed Investment Contract<br/>Provider and Other Investments</u>       | <u>Rate of<br/>Earnings</u> | <u>Maturity</u>        | <u>Program Fund Series</u> |
|------------------------------|--|-----------------------------|------------------------|----------------------------|
|                              | <b><u>Program Fund</u></b>   |                             |                        |                            |
| \$7,250,129                  | Money Market Funds   | Varies                      | On demand              | 2006 Series H, I and J     |
| \$3,255,874                  | Money Market Funds   | Varies                      | On demand              | 2006 Series O and P        |
| \$5,472,748                  | Money Market Funds   | Varies                      | On demand              | 2007 Series A              |
| \$1,381,777                  | Money Market Funds   | Varies                      | On demand              | 2007 Series C and D        |
| \$3,021,645                  | Money Market Funds   | Varies                      | On demand              | 2007 Series G and H        |
| \$414,342                    | Money Market Funds   | Varies                      | On demand              | 2007 Series K              |
| \$2,825,000                  | Money Market Funds   | Varies                      | On demand              | 2008 Series A              |
| \$25,816,085                 | Money Market Funds   | Varies                      | On demand              | 2014 Series A and B        |
| \$9,822,321                  | Money Market Funds   | Varies                      | On demand              | 2014 Series C              |
|                              | <b><u>Revenue Fund</u></b>   |                             |                        |                            |
| \$98,199,392                 | Money Market Funds   | Varies                      | On demand              |                            |
| \$77,951,274                 | (1) Government National Mortgage Association (GNMA) mortgage-backed securities | 0.50% to 3.75%              | 4/15/2041 to 9/15/2044 |                            |
| \$16,579,908                 | (1) Federal National Mortgage Association (FNMA) mortgage-backed securities    | 1.275% to 3.525%            | 1/1/2043 to 11/1/2044  |                            |
|                              | <b><u>Reserve Fund</u></b>   |                             |                        |                            |
| \$10,018,623                 | Money Market Funds   | Varies                      | On demand              |                            |
| \$32,149,643                 | (1) Federal Home Loan Bank   | 0.25%                       | 1/20/2016              |                            |
| \$2,471,019                  | (1) Federal Farm Credit Bonds  | 5.25%                       | 8/13/2019              |                            |
| \$1,231,569                  | Westdeutsche Landesbank Gironzentrale, New York Branch                         | 5.22%                       | 9/1/2029               |                            |
| \$4,071,967                  | (1) Federal Home Loan Mortgage Corp.   | 6.75%                       | 9/15/2029              |                            |
| \$1,176,471                  | Westdeutsche Landesbank Gironzentrale, New York Branch                         | 5.82%                       | 9/1/2031               |                            |
| \$2,826,507                  | (1) Federal Home Loan Mortgage Corp.   | 6.25%                       | 7/15/2032              |                            |

**INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS**  
As of June 30, 2015

| <u>Principal<br/>Balance</u>              |     | <u>Guaranteed Investment Contract<br/>Provider and Other Investments</u> | <u>Rate of<br/>Earnings</u> | <u>Maturity</u> |
|---|-----|--|-----------------------------|-----------------|
| <b><u>Collateral Reserve Fund (2)</u></b> |     |  |                             |                 |
| \$59,789,087                              |     | Money Market Funds   | Varies                      | On demand       |
| \$17,633,591                              |     | TD Bank, N.A. Demand Deposit Acct.                                       | Varies                      | On demand       |
| \$2,494,771                               | (1) | Federal National Mortgage Association                                    | 0.375%                      | 12/21/2015      |
| \$49,865,997                              | (1) | Federal Home Loan Bank   | 0.250%                      | 1/20/2016       |
| <b><u>Warehouse Loan Fund (3)</u></b>     |     |  |                             |                 |
| \$65,440,982                              |     | Money Market Funds   | Varies                      | On demand       |
| \$2,494,771                               | (1) | Federal National Mortgage Association                                    | 0.375%                      | 12/21/2015      |
| <b><u>Redemption Fund</u></b>             |     |  |                             |                 |
| \$325,004                                 |     | Money Market Funds   | Varies                      | On demand       |
| <b><u>Other Funds</u></b>                 |     |  |                             |                 |
| \$5,634,373                               |     | Money Market Funds   | Varies                      | On demand       |

(1) In keeping with the provisions of GASB Statement No. 31, these investments and mortgage-backed securities are reported at fair value. The total book value at June 30, 2015 for the investments referenced was \$94,046,721 and the cumulative increase in fair value of these investments was \$2,327,954. The total book value at June 30, 2015 for GNMA and FNMA mortgage-backed securities referenced was \$95,222,700 and the cumulative decrease in fair value of these GNMA and FNMA mortgage-backed securities was \$691,518.

(2) The Collateral Reserve Fund was established under the Bond Resolution at the time the 1997 Residential Revenue Bonds Series A and Series B were issued.

(3) The Warehouse Loan Fund was established by transferring \$45,000,000 in excess revenues from the 1980 General Certificate (Single Family Program Bonds). It provides an interim funding source for loans purchased between issuances of Residential Revenue Bonds.

**Appendix K**  
**RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY**  
**BOND SERIES AND INTEREST RATE**  
**as of June 30, 2015 <sup>(1)</sup> <sup>(2)</sup>**

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote   | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|------------|--------------------------|--|-----------------------------|---|
| <b>1997 Series A</b> |                             |            | <b>198</b>               | <b>\$16,992,005</b>                            | <b>34</b>                   | <b>\$1,590,961</b>                              |
|                      | 4.000%                      |            | 41                       | 3,633,437                                      | 13                          | 565,598   |
|                      | 6.000%                      |            | 2                        | 173,590  | 1                           | 22,093  |
|                      | 6.400%                      |            | 154                      | 13,140,565                                     | 19                          | 969,670   |
|                      | 7.500%                      |            | 1                        | 44,413   | 1                           | 33,600  |
| <b>1998 Series A</b> |                             |            | <b>61</b>                | <b>4,552,300</b>                               | <b>17</b>                   | <b>791,827</b>                                  |
|                      | 5.000%                      |            | 49                       | 3,602,864                                      | 14                          | 677,854   |
|                      | 6.100%                      |            | 12                       | 949,436  | 3                           | 113,972   |
| <b>1998 Series B</b> |                             |            | <b>879</b>               | <b>74,306,563</b>                              | <b>124</b>                  | <b>5,941,723</b>                                |
|                      | 5.500%                      | (4), (4.2) | 181                      | 16,692,492                                     | 32                          | 1,795,890                                       |
|                      | 6.100%                      |            | 665                      | 54,369,384                                     | 90                          | 3,982,614                                       |
|                      | 6.250%                      |            | 9                        | 1,033,541                                      | 1                           | 83,804  |
|                      | 6.500%                      |            | 3                        | 297,847  | 0                           | 0   |
|                      | 6.750%                      |            | 21                       | 1,913,299                                      | 1                           | 79,415  |
| <b>1999 Series E</b> |                             |            | <b>239</b>               | <b>22,351,652</b>                              | <b>28</b>                   | <b>1,755,159</b>                                |
|                      | 4.750%                      | (5), (5.8) | 4                        | 394,307  | 2                           | 112,928   |
|                      | 4.950%                      | (5), (5.7) | 9                        | 989,443  | 4                           | 307,798   |
|                      | 5.750%                      | (5), (5.1) | 38                       | 3,771,241                                      | 7                           | 480,643   |
|                      | 4.950%                      |            | 3                        | 290,716  | 0                           | 0   |
|                      | 6.000%                      |            | 1                        | 161,100  | 0                           | 0   |
|                      | 6.125%                      |            | 5                        | 565,650  | 1                           | 79,731  |
|                      | 6.750%                      |            | 73                       | 6,559,151                                      | 7                           | 363,325   |
|                      | 7.000%                      |            | 106                      | 9,620,044                                      | 7                           | 410,735   |
| <b>1999 Series F</b> |                             |            | <b>596</b>               | <b>56,193,694</b>                              | <b>48</b>                   | <b>2,729,362</b>                                |
|                      | 6.125%                      |            | 1                        | 80,600   | 0                           | 0   |
|                      | 6.500%                      |            | 265                      | 24,041,780                                     | 30                          | 1,818,869                                       |
|                      | 6.750%                      |            | 69                       | 6,780,630                                      | 5                           | 287,611   |
|                      | 6.900%                      |            | 2                        | 234,547  | 0                           | 0   |
|                      | 7.000%                      |            | 214                      | 20,439,573                                     | 10                          | 514,479   |
|                      | 7.250%                      |            | 9                        | 924,241  | 0                           | 0   |
|                      | 7.500%                      |            | 36                       | 3,692,323                                      | 3                           | 108,402   |
| <b>1999 Series H</b> |                             |            | <b>614</b>               | <b>58,868,174</b>                              | <b>56</b>                   | <b>3,408,247</b>                                |
|                      | 6.000%                      |            | 158                      | 16,020,135                                     | 32                          | 2,005,246                                       |
|                      | 6.250%                      |            | 1                        | 64,450   | 0                           | 0   |
|                      | 7.000%                      |            | 254                      | 23,728,090                                     | 17                          | 945,954   |
|                      | 7.250%                      |            | 142                      | 13,335,578                                     | 5                           | 334,664   |
|                      | 7.500%                      |            | 59                       | 5,719,921                                      | 2                           | 122,382   |
| <b>2000 Series A</b> |                             |            | <b>83</b>                | <b>7,818,452</b>                               | <b>8</b>                    | <b>468,241</b>                                  |
|                      | 6.900%                      |            | 75                       | 7,002,330                                      | 7                           | 402,146   |
|                      | 7.000%                      |            | 1                        | 64,648   | 0                           | 0   |
|                      | 7.500%                      |            | 7                        | 751,474  | 1                           | 66,095  |
| <b>2000 Series B</b> |                             |            | <b>673</b>               | <b>67,897,368</b>                              | <b>81</b>                   | <b>5,234,123</b>                                |
|                      | 5.000%                      | (5), (5.3) | 13                       | 914,095  | 4                           | 191,172   |
|                      | 5.000%                      |            | 25                       | 2,528,717                                      | 7                           | 515,425   |
|                      | 5.050%                      | (5), (5.6) | 4                        | 375,455  | 2                           | 99,034  |
|                      | 5.750%                      |            | 98                       | 11,039,408                                     | 20                          | 1,379,220                                       |
|                      | 5.875%                      |            | 123                      | 11,767,170                                     | 25                          | 1,738,521                                       |
|                      | 6.900%                      |            | 157                      | 15,753,125                                     | 7                           | 381,644   |
|                      | 7.250%                      |            | 253                      | 25,519,399                                     | 17                          | 929,108   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote   | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|------------|--------------------------|--|-----------------------------|---|
| <b>2000 Series D</b> |                             |            | <b>716</b>               | <b>72,613,685</b>                              | <b>65</b>                   | <b>4,244,019</b>                                |
|                      | 4.750%                      |            | 3                        | 291,990  | 0                           | 0   |
|                      | 5.000%                      | (5), (5.3) | 58                       | 5,750,253                                      | 17                          | 1,276,025                                       |
|                      | 5.750%                      |            | 26                       | 2,821,884                                      | 5                           | 336,920   |
|                      | 5.875%                      |            | 36                       | 3,765,184                                      | 2                           | 125,875   |
|                      | 6.000%                      |            | 13                       | 1,460,445                                      | 1                           | 40,579  |
|                      | 6.250%                      |            | 14                       | 1,479,231                                      | 0                           | 0   |
|                      | 6.900%                      |            | 8                        | 874,569  | 0                           | 0   |
|                      | 7.000%                      |            | 7                        | 643,123  | 0                           | 0   |
|                      | 7.125%                      |            | 335                      | 34,038,611                                     | 27                          | 1,781,199                                       |
|                      | 7.250%                      |            | 199                      | 19,866,106                                     | 13                          | 683,421   |
|                      | 7.500%                      |            | 17                       | 1,622,289                                      | 0                           | 0   |
| <b>2000 Series F</b> |                             |            | <b>162</b>               | <b>14,922,531</b>                              | <b>16</b>                   | <b>1,026,626</b>                                |
|                      | 6.000%                      |            | 1                        | 147,300  | 0                           | 0   |
|                      | 6.750%                      |            | 143                      | 13,074,753                                     | 13                          | 833,875   |
|                      | 7.000%                      |            | 12                       | 1,167,793                                      | 0                           | 0   |
|                      | 7.125%                      |            | 6                        | 532,685  | 3                           | 192,751   |
| <b>2000 Series G</b> |                             |            | <b>623</b>               | <b>63,725,157</b>                              | <b>87</b>                   | <b>5,517,387</b>                                |
|                      | 5.000%                      | (4), (4.5) | 241                      | 27,059,330                                     | 30                          | 2,080,757                                       |
|                      | 5.000%                      | (5), (5.4) | 38                       | 3,755,747                                      | 12                          | 751,448   |
|                      | 5.500%                      |            | 2                        | 129,312  | 1                           | 44,149  |
|                      | 5.875%                      |            | 88                       | 8,037,054                                      | 19                          | 1,154,839                                       |
|                      | 6.750%                      |            | 1                        | 87,500   | 0                           | 0   |
|                      | 6.900%                      |            | 23                       | 2,681,774                                      | 3                           | 235,917   |
|                      | 7.000%                      |            | 96                       | 9,293,184                                      | 8                           | 489,163   |
|                      | 7.125%                      |            | 45                       | 4,333,000                                      | 6                           | 344,268   |
|                      | 7.250%                      |            | 42                       | 3,960,526                                      | 5                           | 237,241   |
|                      | 7.500%                      |            | 47                       | 4,387,730                                      | 4                           | 179,605   |
| <b>2000 Series H</b> |                             |            | <b>593</b>               | <b>53,823,397</b>                              | <b>56</b>                   | <b>3,727,482</b>                                |
|                      | 4.750%                      | (5), (5.8) | 60                       | 2,031,036                                      | 7                           | 468,753   |
|                      | 5.500%                      |            | 28                       | 2,353,445                                      | 14                          | 925,872   |
|                      | 5.875%                      |            | 29                       | 3,461,107                                      | 5                           | 436,147   |
|                      | 6.000%                      |            | 27                       | 2,552,760                                      | 4                           | 236,242   |
|                      | 6.125%                      |            | 1                        | 148,100  | 0                           | 0   |
|                      | 6.250%                      |            | 17                       | 1,979,952                                      | 0                           | 0   |
|                      | 6.375%                      |            | 94                       | 8,970,879                                      | 7                           | 503,556   |
|                      | 6.500%                      |            | 2                        | 181,700  | 1                           | 65,321  |
|                      | 6.600%                      |            | 3                        | 273,077  | 0                           | 0   |
|                      | 6.750%                      |            | 21                       | 2,103,350                                      | 4                           | 315,410   |
|                      | 7.000%                      |            | 82                       | 7,663,564                                      | 9                           | 526,305   |
|                      | 7.125%                      |            | 2                        | 182,379  | 0                           | 0   |
|                      | 7.250%                      |            | 49                       | 5,175,460                                      | 1                           | 36,865  |
|                      | 7.500%                      |            | 178                      | 16,746,588                                     | 4                           | 213,011   |
| <b>2001 Series E</b> |                             |            | <b>141</b>               | <b>13,490,845</b>                              | <b>33</b>                   | <b>2,239,654</b>                                |
|                      | 5.500%                      |            | 18                       | 1,544,567                                      | 3                           | 201,185   |
|                      | 5.750%                      |            | 44                       | 4,470,263                                      | 9                           | 666,647   |
|                      | 5.875%                      |            | 79                       | 7,476,015                                      | 21                          | 1,371,822                                       |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2001 Series F</b> |                             |             | <b>653</b>               | <b>64,962,862</b>                              | <b>126</b>                  | <b>8,410,898</b>                                |
|                      | 4.000%                      | (4), (4.8)  | 63                       | 5,671,011                                      | 28                          | 1,692,135                                       |
|                      | 4.950%                      | (5), (5.7)  | 28                       | 3,049,101                                      | 12                          | 948,521   |
|                      | 5.050%                      | (5), (5.6)  | 13                       | 1,256,956                                      | 5                           | 331,548   |
|                      | 5.750%                      | (5), (5.1)  | 249                      | 24,782,543                                     | 46                          | 3,158,526                                       |
|                      | 5.250%                      |             | 2                        | 201,888  | 0                           | 0   |
|                      | 5.750%                      |             | 2                        | 185,850  | 0                           | 0   |
|                      | 5.875%                      |             | 39                       | 4,184,509                                      | 4                           | 310,947   |
|                      | 6.000%                      | (4), (4.7)  | 53                       | 5,690,025                                      | 6                           | 396,206   |
|                      | 6.000%                      |             | 2                        | 201,633  | 0                           | 0   |
|                      | 6.125%                      |             | 136                      | 13,362,933                                     | 17                          | 1,123,688                                       |
|                      | 6.250%                      |             | 42                       | 3,830,881                                      | 3                           | 200,437   |
|                      | 6.375%                      |             | 2                        | 197,476  | 1                           | 28,784  |
|                      | 6.500%                      |             | 1                        | 94,242   | 1                           | 64,553  |
|                      | 6.750%                      |             | 4                        | 409,076  | 1                           | 78,172  |
|                      | 6.900%                      |             | 2                        | 180,206  | 0                           | 0   |
|                      | 7.000%                      |             | 4                        | 351,960  | 0                           | 0   |
|                      | 7.125%                      |             | 8                        | 917,816  | 0                           | 0   |
|                      | 7.250%                      |             | 4                        | 394,755  | 1                           | 77,381  |
| <b>2002 Series A</b> |                             |             | <b>59</b>                | <b>7,795,314</b>                               | <b>20</b>                   | <b>2,285,681</b>                                |
|                      | 4.950%                      |             | 23                       | 2,443,293                                      | 8                           | 606,815   |
|                      | 5.000%                      |             | 4                        | 398,607  | 0                           | 0   |
|                      | 5.050%                      |             | 7                        | 739,784  | 3                           | 249,724   |
|                      | 5.500%                      |             | 4                        | 315,855  | 1                           | 71,800  |
|                      | 5.750%                      |             | 2                        | 209,609  | 0                           | 0   |
|                      | 5.875%                      |             | 1                        | 78,746   | 0                           | 0   |
|                      | 6.000%                      | (5), (5.10) | 18                       | 3,609,420                                      | 8                           | 1,357,342                                       |
| <b>2006 Series A</b> |                             |             | <b>73</b>                | <b>11,607,921</b>                              | <b>34</b>                   | <b>4,203,680</b>                                |
|                      | 2.000%                      |             | 1                        | 106,118  | 1                           | 62,515  |
|                      | 4.625%                      |             | 1                        | 245,000  | 1                           | 227,387   |
|                      | 4.875%                      |             | 30                       | 4,294,939                                      | 17                          | 1,908,023                                       |
|                      | 5.000%                      |             | 1                        | 95,380   | 0                           | 0   |
|                      | 5.250%                      |             | 4                        | 566,363  | 1                           | 69,888  |
|                      | 5.375%                      |             | 1                        | 260,000  | 1                           | 243,975   |
|                      | 5.500%                      |             | 26                       | 4,156,060                                      | 11                          | 1,349,125                                       |
|                      | 5.875%                      |             | 9                        | 1,884,061                                      | 2                           | 342,767   |
| <b>2006 Series B</b> |                             |             | <b>279</b>               | <b>47,295,765</b>                              | <b>151</b>                  | <b>21,777,837</b>                               |
|                      | 2.000%                      |             | 1                        | 128,750  | 1                           | 118,164   |
|                      | 4.750%                      |             | 2                        | 343,400  | 2                           | 318,665   |
|                      | 4.875%                      |             | 98                       | 15,674,699                                     | 64                          | 8,806,956                                       |
|                      | 5.000%                      |             | 3                        | 661,114  | 1                           | 279,891   |
|                      | 5.250%                      |             | 12                       | 2,296,906                                      | 7                           | 1,230,404                                       |
|                      | 5.375%                      |             | 4                        | 893,400  | 4                           | 827,445   |
|                      | 5.500%                      |             | 128                      | 20,685,094                                     | 58                          | 7,440,708                                       |
|                      | 5.625%                      |             | 1                        | 97,500   | 0                           | 0   |
|                      | 5.875%                      |             | 29                       | 6,296,607                                      | 13                          | 2,553,317                                       |
|                      | 6.000%                      |             | 1                        | 218,295  | 1                           | 202,287   |
| <b>2006 Series E</b> |                             |             | <b>121</b>               | <b>22,807,005</b>                              | <b>69</b>                   | <b>11,699,106</b>                               |
|                      | 4.500%                      |             | 1                        | 169,550  | 0                           | 0   |
|                      | 4.750%                      |             | 4                        | 991,800  | 3                           | 657,342   |
|                      | 4.875%                      |             | 37                       | 6,642,837                                      | 19                          | 3,153,298                                       |
|                      | 5.250%                      |             | 16                       | 3,412,170                                      | 10                          | 2,056,939                                       |
|                      | 5.375%                      |             | 1                        | 154,900  | 1                           | 145,882   |
|                      | 5.500%                      |             | 47                       | 8,547,063                                      | 28                          | 4,257,114                                       |
|                      | 5.625%                      |             | 1                        | 285,400  | 1                           | 265,575   |
|                      | 5.750%                      |             | 6                        | 1,258,096                                      | 4                           | 729,062   |
|                      | 5.875%                      |             | 8                        | 1,345,189                                      | 3                           | 433,895   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2006 Series F</b> |                             |             | <b>310</b>               | <b>57,464,822</b>                              | <b>158</b>                  | <b>24,916,812</b>                               |
|                      | 4.000%                      |             | 1                        | 158,900  | 1                           | 140,004   |
|                      | 4.125%                      |             | 1                        | 199,000  | 0                           | 0   |
|                      | 4.750%                      |             | 6                        | 1,361,100                                      | 5                           | 1,017,065                                       |
|                      | 4.820%                      |             | 1                        | 329,900  | 1                           | 303,052   |
|                      | 4.875%                      |             | 104                      | 17,805,451                                     | 53                          | 7,567,527                                       |
|                      | 4.950%                      |             | 19                       | 3,151,881                                      | 12                          | 1,752,483                                       |
|                      | 5.000%                      |             | 8                        | 1,686,550                                      | 3                           | 628,061   |
|                      | 5.125%                      |             | 3                        | 666,000  | 3                           | 622,391   |
|                      | 5.250%                      |             | 28                       | 5,663,094                                      | 15                          | 2,647,999                                       |
|                      | 5.375%                      |             | 5                        | 902,800  | 5                           | 831,045   |
|                      | 5.500%                      |             | 87                       | 16,461,812                                     | 36                          | 5,738,497                                       |
|                      | 5.625%                      |             | 6                        | 1,118,173                                      | 4                           | 504,595   |
|                      | 5.750%                      |             | 24                       | 4,128,077                                      | 14                          | 1,903,838                                       |
|                      | 5.875%                      |             | 9                        | 2,001,150                                      | 4                           | 889,932   |
|                      | 6.000%                      |             | 6                        | 1,392,284                                      | 1                           | 256,565   |
|                      | 6.375%                      |             | 2                        | 438,650  | 1                           | 113,760   |
| <b>2006 Series G</b> |                             |             | <b>195</b>               | <b>38,789,329</b>                              | <b>110</b>                  | <b>18,567,004</b>                               |
|                      | 4.125%                      |             | 1                        | 359,900  | 0                           | 0   |
|                      | 4.750%                      |             | 4                        | 980,154  | 3                           | 645,318   |
|                      | 4.825%                      |             | 1                        | 68,100   | 1                           | 63,437  |
|                      | 4.875%                      |             | 20                       | 2,930,053                                      | 6                           | 606,982   |
|                      | 4.950%                      |             | 25                       | 4,476,764                                      | 19                          | 2,487,886                                       |
|                      | 5.075%                      |             | 1                        | 127,500  | 0                           | 0   |
|                      | 5.250%                      |             | 17                       | 3,066,442                                      | 11                          | 1,770,906                                       |
|                      | 5.375%                      |             | 2                        | 461,000  | 2                           | 425,735   |
|                      | 5.500%                      |             | 44                       | 9,015,671                                      | 23                          | 4,073,052                                       |
|                      | 5.625%                      |             | 5                        | 1,020,545                                      | 4                           | 751,412   |
|                      | 5.750%                      |             | 35                       | 8,050,621                                      | 21                          | 4,223,566                                       |
|                      | 5.875%                      |             | 3                        | 792,400  | 2                           | 431,811   |
|                      | 6.000%                      |             | 22                       | 4,403,429                                      | 10                          | 1,717,659                                       |
|                      | 6.125%                      |             | 2                        | 331,000  | 2                           | 306,203   |
|                      | 6.250%                      |             | 2                        | 290,750  | 1                           | 126,467   |
|                      | 6.375%                      |             | 5                        | 896,000  | 1                           | 185,013   |
|                      | 6.500%                      |             | 2                        | 536,000  | 2                           | 421,254   |
|                      | 6.625%                      |             | 2                        | 346,000  | 2                           | 330,303   |
|                      | 6.750%                      |             | 1                        | 337,000  | 0                           | 0   |
|                      | 7.000%                      |             | 1                        | 300,000  | 0                           | 0   |
| <b>2006 Series H</b> |                             |             | <b>85</b>                | <b>16,917,935</b>                              | <b>39</b>                   | <b>6,362,082</b>                                |
|                      | 6.000%                      | (5), (5.10) | 85                       | 16,917,935                                     | 39                          | 6,362,082                                       |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2006 Series I</b> |                             |             | <b>746</b>               | <b>142,915,431</b>                             | <b>373</b>                  | <b>58,687,812</b>                               |
|                      | 4.500%                      |             | 4                        | 964,276  | 2                           | 540,835   |
|                      | 4.625%                      |             | 1                        | 84,333   | 1                           | 70,898  |
|                      | 4.750%                      |             | 6                        | 1,707,048                                      | 3                           | 860,862   |
|                      | 4.825%                      |             | 2                        | 563,000  | 2                           | 527,311   |
|                      | 4.875%                      |             | 49                       | 8,913,074                                      | 27                          | 4,449,170                                       |
|                      | 4.950%                      |             | 45                       | 8,167,918                                      | 29                          | 3,790,696                                       |
|                      | 5.000%                      |             | 3                        | 747,953  | 2                           | 536,039   |
|                      | 5.075%                      |             | 1                        | 93,000   | 1                           | 83,089  |
|                      | 5.125%                      |             | 3                        | 742,000  | 0                           | 0   |
|                      | 5.250%                      |             | 45                       | 8,041,590                                      | 28                          | 4,202,460                                       |
|                      | 5.375%                      |             | 15                       | 3,100,006                                      | 8                           | 1,448,493                                       |
|                      | 5.500%                      |             | 146                      | 26,329,362                                     | 74                          | 10,865,023                                      |
|                      | 5.625%                      |             | 25                       | 5,538,162                                      | 8                           | 1,414,193                                       |
|                      | 5.750%                      |             | 106                      | 20,298,630                                     | 59                          | 9,255,200                                       |
|                      | 5.875%                      |             | 31                       | 6,877,850                                      | 15                          | 2,653,227                                       |
|                      | 6.000%                      |             | 81                       | 15,848,192                                     | 34                          | 5,255,023                                       |
|                      | 6.000%                      | (5), (5.10) | 10                       | 2,076,304                                      | 5                           | 780,806   |
|                      | 6.125%                      |             | 26                       | 5,727,750                                      | 11                          | 2,201,945                                       |
|                      | 6.250%                      |             | 122                      | 21,994,712                                     | 51                          | 7,136,321                                       |
|                      | 6.375%                      |             | 8                        | 1,520,001                                      | 4                           | 732,612   |
|                      | 6.500%                      |             | 4                        | 851,000  | 2                           | 499,734   |
|                      | 6.625%                      |             | 11                       | 2,203,270                                      | 6                           | 1,171,178                                       |
|                      | 6.750%                      |             | 2                        | 526,000  | 1                           | 212,698   |
| <b>2006 Series J</b> |                             |             | <b>300</b>               | <b>58,250,788</b>                              | <b>146</b>                  | <b>23,943,911</b>                               |
|                      | 4.750%                      |             | 1                        | 202,500  | 0                           | 0   |
|                      | 4.825%                      |             | 1                        | 148,131  | 1                           | 138,287   |
|                      | 4.875%                      |             | 7                        | 1,101,235                                      | 4                           | 572,138   |
|                      | 4.950%                      |             | 7                        | 1,510,050                                      | 2                           | 374,107   |
|                      | 5.000%                      |             | 3                        | 645,750  | 1                           | 150,234   |
|                      | 5.250%                      |             | 5                        | 1,022,575                                      | 1                           | 143,565   |
|                      | 5.375%                      |             | 8                        | 1,809,572                                      | 5                           | 979,634   |
|                      | 5.500%                      |             | 53                       | 8,889,055                                      | 26                          | 3,216,260                                       |
|                      | 5.625%                      |             | 10                       | 1,927,104                                      | 6                           | 977,874   |
|                      | 5.750%                      |             | 38                       | 7,160,288                                      | 22                          | 3,435,181                                       |
|                      | 5.875%                      |             | 13                       | 2,056,162                                      | 12                          | 1,704,740                                       |
|                      | 6.000%                      |             | 37                       | 7,568,834                                      | 17                          | 3,252,979                                       |
|                      | 6.125%                      |             | 14                       | 3,486,340                                      | 3                           | 714,311   |
|                      | 6.250%                      |             | 65                       | 12,336,334                                     | 27                          | 4,492,252                                       |
|                      | 6.375%                      |             | 8                        | 1,939,170                                      | 3                           | 757,018   |
|                      | 6.500%                      |             | 4                        | 662,831  | 3                           | 573,206   |
|                      | 6.625%                      |             | 6                        | 1,456,500                                      | 2                           | 526,488   |
|                      | 6.750%                      |             | 2                        | 558,939  | 0                           | 0   |
|                      | 7.000%                      |             | 1                        | 136,000  | 0                           | 0   |
|                      | 7.125%                      |             | 14                       | 2,951,418                                      | 9                           | 1,567,614                                       |
|                      | 7.375%                      |             | 2                        | 372,000  | 2                           | 368,023   |
|                      | 7.500%                      |             | 1                        | 310,000  | 0                           | 0   |
| <b>2006 Series K</b> |                             |             | <b>27</b>                | <b>5,542,364</b>                               | <b>17</b>                   | <b>3,096,739</b>                                |
|                      | 5.250%                      |             | 1                        | 139,397  | 1                           | 149,138   |
|                      | 5.625%                      |             | 6                        | 1,306,144                                      | 5                           | 998,097   |
|                      | 5.750%                      |             | 8                        | 1,590,242                                      | 4                           | 594,134   |
|                      | 5.875%                      |             | 1                        | 249,750  | 0                           | 0   |
|                      | 6.000%                      |             | 4                        | 570,806  | 3                           | 358,086   |
|                      | 6.125%                      |             | 3                        | 728,825  | 2                           | 456,122   |
|                      | 6.375%                      |             | 3                        | 734,200  | 2                           | 541,162   |
|                      | 7.125%                      |             | 1                        | 223,000  | 0                           | 0   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2006 Series L</b> |                             |             | <b>830</b>               | <b>163,506,274</b>                             | <b>429</b>                  | <b>73,405,930</b>                               |
|                      | 4.250%                      |             | 1                        | 314,900  | 0                           | 0   |
|                      | 4.375%                      |             | 2                        | 522,000  | 0                           | 0   |
|                      | 4.825%                      |             | 1                        | 274,500  | 1                           | 252,997   |
|                      | 4.875%                      |             | 6                        | 1,064,188                                      | 5                           | 846,100   |
|                      | 4.950%                      |             | 13                       | 2,397,636                                      | 7                           | 1,011,569                                       |
|                      | 5.000%                      |             | 17                       | 2,488,833                                      | 6                           | 1,078,058                                       |
|                      | 5.075%                      |             | 1                        | 197,500  | 1                           | 213,995   |
|                      | 5.125%                      |             | 3                        | 571,000  | 3                           | 516,030   |
|                      | 5.250%                      |             | 68                       | 12,452,053                                     | 42                          | 6,709,977                                       |
|                      | 5.375%                      |             | 17                       | 4,078,517                                      | 15                          | 3,491,745                                       |
|                      | 5.500%                      |             | 159                      | 29,058,919                                     | 98                          | 14,779,660                                      |
|                      | 5.625%                      |             | 31                       | 6,813,719                                      | 16                          | 3,238,655                                       |
|                      | 5.750%                      |             | 139                      | 27,647,400                                     | 62                          | 10,303,394                                      |
|                      | 5.875%                      |             | 13                       | 2,821,244                                      | 8                           | 1,589,800                                       |
|                      | 6.000%                      |             | 92                       | 18,853,404                                     | 56                          | 10,102,654                                      |
|                      | 6.125%                      |             | 29                       | 5,956,389                                      | 20                          | 3,614,025                                       |
|                      | 6.250%                      |             | 180                      | 34,678,175                                     | 77                          | 12,705,466                                      |
|                      | 6.375%                      |             | 16                       | 3,916,352                                      | 3                           | 787,607   |
|                      | 6.500%                      |             | 12                       | 2,713,466                                      | 3                           | 720,213   |
|                      | 6.625%                      |             | 23                       | 5,220,533                                      | 4                           | 960,488   |
|                      | 6.750%                      |             | 7                        | 1,465,546                                      | 2                           | 483,496   |
| <b>2006 Series O</b> |                             |             | <b>49</b>                | <b>9,707,644</b>                               | <b>35</b>                   | <b>6,235,675</b>                                |
|                      | 5.000%                      |             | 1                        | 239,900  | 1                           | 231,024   |
|                      | 5.125%                      |             | 1                        | 273,581  | 1                           | 247,152   |
|                      | 5.250%                      |             | 5                        | 816,949  | 3                           | 340,408   |
|                      | 5.375%                      |             | 4                        | 739,182  | 4                           | 682,663   |
|                      | 5.500%                      |             | 8                        | 1,683,810                                      | 7                           | 1,428,903                                       |
|                      | 5.750%                      |             | 12                       | 2,130,840                                      | 10                          | 1,647,743                                       |
|                      | 6.000%                      |             | 7                        | 1,544,282                                      | 4                           | 644,189   |
|                      | 6.250%                      |             | 5                        | 949,650  | 4                           | 720,219   |
|                      | 6.500%                      |             | 2                        | 310,400  | 0                           | 0   |
|                      | 6.625%                      |             | 2                        | 685,150  | 1                           | 293,374   |
|                      | 6.750%                      |             | 2                        | 333,900  | 0                           | 0   |
| <b>2006 Series P</b> |                             |             | <b>425</b>               | <b>84,666,902</b>                              | <b>221</b>                  | <b>38,675,369</b>                               |
|                      | 4.500%                      |             | 1                        | 184,533  | 0                           | 0   |
|                      | 4.750%                      |             | 3                        | 645,692  | 3                           | 609,101   |
|                      | 4.875%                      |             | 1                        | 214,900  | 1                           | 207,613   |
|                      | 4.950%                      |             | 4                        | 491,324  | 2                           | 150,486   |
|                      | 5.000%                      |             | 8                        | 1,042,979                                      | 4                           | 445,333   |
|                      | 5.125%                      |             | 2                        | 255,350  | 2                           | 239,403   |
|                      | 5.250%                      |             | 49                       | 8,992,696                                      | 23                          | 3,672,450                                       |
|                      | 5.375%                      |             | 9                        | 1,874,840                                      | 5                           | 992,356   |
|                      | 5.500%                      |             | 98                       | 18,880,690                                     | 50                          | 8,195,470                                       |
|                      | 5.625%                      |             | 17                       | 3,649,748                                      | 15                          | 3,007,908                                       |
|                      | 5.750%                      |             | 59                       | 12,512,502                                     | 32                          | 5,835,662                                       |
|                      | 5.875%                      |             | 16                       | 3,598,232                                      | 11                          | 2,468,194                                       |
|                      | 6.000%                      |             | 94                       | 18,754,054                                     | 44                          | 7,273,752                                       |
|                      | 6.125%                      |             | 8                        | 1,445,545                                      | 3                           | 484,378   |
|                      | 6.250%                      |             | 2                        | 306,800  | 2                           | 271,252   |
|                      | 6.250%                      | (5), (5.11) | 18                       | 3,366,396                                      | 9                           | 1,541,674                                       |
|                      | 6.375%                      |             | 14                       | 3,418,028                                      | 7                           | 1,562,134                                       |
|                      | 6.500%                      |             | 11                       | 2,489,683                                      | 4                           | 828,436   |
|                      | 6.625%                      |             | 8                        | 1,865,110                                      | 3                           | 702,908   |
|                      | 6.750%                      |             | 3                        | 677,800  | 1                           | 186,860   |
| <b>2006 Series S</b> |                             |             | <b>129</b>               | <b>24,465,406</b>                              | <b>65</b>                   | <b>11,204,176</b>                               |
|                      | 6.250%                      | (5), (5.11) | 129                      | 24,465,406                                     | 65                          | 11,204,176                                      |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2007 Series A</b> |                             |             | <b>1,279</b>             | <b>268,525,836</b>                             | <b>675</b>                  | <b>127,360,138</b>                              |
|                      | 3.250%                      |             | 1                        | 245,000  | 1                           | 229,524   |
|                      | 4.000%                      |             | 1                        | 321,750  | 0                           | 0   |
|                      | 4.250%                      |             | 1                        | 181,900  | 0                           | 0   |
|                      | 4.500%                      |             | 3                        | 723,250  | 1                           | 289,164   |
|                      | 4.750%                      |             | 3                        | 685,030  | 3                           | 645,553   |
|                      | 4.875%                      |             | 1                        | 210,491  | 0                           | 0   |
|                      | 4.950%                      |             | 11                       | 2,137,009                                      | 7                           | 1,071,891                                       |
|                      | 5.000%                      |             | 3                        | 512,800  | 3                           | 463,413   |
|                      | 5.250%                      |             | 34                       | 6,732,160                                      | 17                          | 2,956,176                                       |
|                      | 5.375%                      |             | 31                       | 6,615,891                                      | 31                          | 6,213,776                                       |
|                      | 5.500%                      |             | 241                      | 46,435,847                                     | 119                         | 20,203,789                                      |
|                      | 5.625%                      |             | 38                       | 8,114,289                                      | 31                          | 6,059,282                                       |
|                      | 5.750%                      |             | 234                      | 50,604,856                                     | 127                         | 24,915,335                                      |
|                      | 5.875%                      |             | 46                       | 10,389,092                                     | 35                          | 7,453,914                                       |
|                      | 6.000%                      |             | 208                      | 42,665,716                                     | 111                         | 20,347,680                                      |
|                      | 6.125%                      |             | 28                       | 5,320,135                                      | 14                          | 2,503,324                                       |
|                      | 6.250%                      |             | 136                      | 28,622,583                                     | 67                          | 12,310,774                                      |
|                      | 6.250%                      | (5), (5.12) | 18                       | 3,475,600                                      | 8                           | 1,469,768                                       |
|                      | 6.325%                      |             | 1                        | 196,000  | 0                           | 0   |
|                      | 6.375%                      |             | 62                       | 13,589,412                                     | 26                          | 5,444,586                                       |
|                      | 6.500%                      |             | 77                       | 17,453,596                                     | 37                          | 7,174,221                                       |
|                      | 6.625%                      |             | 45                       | 10,285,798                                     | 20                          | 4,301,524                                       |
|                      | 6.750%                      |             | 47                       | 10,837,387                                     | 15                          | 2,870,050                                       |
|                      | 6.875%                      |             | 4                        | 885,744  | 1                           | 131,574   |
|                      | 7.000%                      |             | 3                        | 835,100  | 1                           | 304,822   |
|                      | 7.125%                      |             | 1                        | 199,900  | 0                           | 0   |
|                      | 7.250%                      |             | 1                        | 249,500  | 0                           | 0   |
| <b>2007 Series B</b> |                             |             | <b>131</b>               | <b>29,434,166</b>                              | <b>70</b>                   | <b>12,447,173</b>                               |
|                      | 6.250%                      | (5), (5.12) | 131                      | 29,434,166                                     | 70                          | 12,447,173                                      |
| <b>2007 Series C</b> |                             |             | <b>253</b>               | <b>52,296,352</b>                              | <b>108</b>                  | <b>19,046,034</b>                               |
|                      | 5.250%                      |             | 1                        | 335,900  | 1                           | 324,056   |
|                      | 5.500%                      |             | 21                       | 2,846,368                                      | 16                          | 1,760,926                                       |
|                      | 5.625%                      |             | 3                        | 779,509  | 2                           | 484,672   |
|                      | 5.750%                      |             | 22                       | 4,381,615                                      | 9                           | 1,421,964                                       |
|                      | 5.875%                      |             | 4                        | 722,160  | 3                           | 450,094   |
|                      | 6.000%                      | (5), (5.17) | 3                        | 495,363  | 2                           | 270,939   |
|                      | 6.000%                      |             | 13                       | 3,255,341                                      | 6                           | 1,368,804                                       |
|                      | 6.125%                      | (5), (5.22) | 10                       | 2,186,557                                      | 6                           | 1,222,972                                       |
|                      | 6.250%                      |             | 9                        | 1,864,444                                      | 4                           | 905,892   |
|                      | 6.250%                      | (5), (5.21) | 26                       | 4,951,091                                      | 15                          | 2,458,100                                       |
|                      | 6.375%                      |             | 18                       | 4,142,891                                      | 6                           | 1,256,811                                       |
|                      | 6.500%                      |             | 19                       | 3,741,803                                      | 11                          | 2,018,596                                       |
|                      | 6.500%                      | (5), (5.18) | 15                       | 3,151,385                                      | 8                           | 1,472,413                                       |
|                      | 6.625%                      |             | 9                        | 1,839,321                                      | 2                           | 365,406   |
|                      | 6.750%                      |             | 9                        | 1,811,086                                      | 3                           | 564,544   |
|                      | 6.750%                      | (5), (5.20) | 10                       | 1,790,590                                      | 5                           | 738,596   |
|                      | 6.875%                      |             | 4                        | 922,074  | 3                           | 665,797   |
|                      | 7.000%                      |             | 4                        | 1,195,383                                      | 1                           | 326,783   |
|                      | 7.000%                      | (5), (5.19) | 7                        | 1,470,143                                      | 2                           | 395,623   |
|                      | 7.250%                      |             | 1                        | 213,000  | 0                           | 0   |
|                      | 7.250%                      | (5), (5.16) | 45                       | 10,200,329                                     | 3                           | 573,047   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2007 Series D</b> |                             |             | <b>831</b>               | <b>171,078,368</b>                             | <b>370</b>                  | <b>67,683,416</b>                               |
|                      | 4.625%                      |             | 1                        | 163,265  | 1                           | 152,403   |
|                      | 4.875%                      |             | 1                        | 161,371  | 1                           | 152,962   |
|                      | 5.000%                      |             | 1                        | 122,000  | 0                           |   |
|                      | 5.250%                      |             | 1                        | 164,150  | 1                           | 161,291   |
|                      | 5.500%                      | (5), (5.14) | 25                       | 4,174,757                                      | 17                          | 2,462,371                                       |
|                      | 5.500%                      |             | 2                        | 488,865  | 0                           |   |
|                      | 5.625%                      |             | 17                       | 3,041,553                                      | 10                          | 1,413,268                                       |
|                      | 5.750%                      |             | 50                       | 9,434,078                                      | 26                          | 4,095,211                                       |
|                      | 5.875%                      |             | 5                        | 1,150,649                                      | 2                           | 360,922   |
|                      | 6.000%                      |             | 109                      | 19,927,827                                     | 61                          | 9,500,731                                       |
|                      | 6.125%                      |             | 17                       | 3,901,834                                      | 13                          | 2,777,968                                       |
|                      | 6.250%                      |             | 62                       | 12,599,335                                     | 35                          | 6,493,776                                       |
|                      | 6.250%                      | (5), (5.13) | 20                       | 3,319,554                                      | 8                           | 1,527,416                                       |
|                      | 6.375%                      |             | 54                       | 11,404,564                                     | 25                          | 4,801,534                                       |
|                      | 6.500%                      |             | 115                      | 23,200,844                                     | 45                          | 8,329,458                                       |
|                      | 6.625%                      |             | 44                       | 10,289,902                                     | 18                          | 3,949,162                                       |
|                      | 6.750%                      |             | 114                      | 24,181,575                                     | 40                          | 7,682,423                                       |
|                      | 6.875%                      |             | 37                       | 8,303,920                                      | 17                          | 3,631,687                                       |
|                      | 6.875%                      | (5), (5.15) | 3                        | 782,894  | 1                           | 265,343   |
|                      | 7.000%                      |             | 85                       | 18,587,667                                     | 29                          | 5,717,492                                       |
|                      | 7.125%                      |             | 31                       | 7,334,855                                      | 9                           | 2,020,510                                       |
|                      | 7.250%                      |             | 33                       | 7,408,509                                      | 9                           | 1,804,873                                       |
|                      | 7.375%                      |             | 2                        | 475,000  | 1                           | 218,129   |
|                      | 7.625%                      |             | 2                        | 459,400  | 1                           | 164,487   |
| <b>2007 Series E</b> |                             |             | <b>97</b>                | <b>19,797,173</b>                              | <b>113</b>                  | <b>20,352,243</b>                               |
|                      | 4.875%                      |             | 1                        | 219,481  | 1                           | 203,142   |
|                      | 5.250%                      |             | 7                        | 1,571,092                                      | 5                           | 1,126,970                                       |
|                      | 5.750%                      |             | 7                        | 1,370,743                                      | 5                           | 896,088   |
|                      | 6.125%                      |             | 8                        | 1,802,663                                      | 5                           | 1,021,276                                       |
|                      | 6.625%                      |             | 10                       | 2,089,101                                      | 5                           | 818,925   |
|                      | 6.250%                      | (5), (5.13) | 26                       | 4,164,825                                      | 61                          | 9,875,615                                       |
|                      | 6.875%                      | (5), (5.15) | 31                       | 7,117,227                                      | 12                          | 2,412,207                                       |
|                      | 7.250%                      | (5), (5.16) | 7                        | 1,462,041                                      | 19                          | 3,998,020                                       |
| <b>2007 Series F</b> |                             |             | <b>279</b>               | <b>50,393,138</b>                              | <b>174</b>                  | <b>27,417,998</b>                               |
|                      | 6.000%                      | (5), (5.17) | 50                       | 8,916,461                                      | 31                          | 4,876,858                                       |
|                      | 6.125%                      | (5), (5.22) | 39                       | 8,940,338                                      | 24                          | 5,000,454                                       |
|                      | 6.250%                      | (5), (5.13) | 52                       | 9,621,985                                      | 25                          | 4,025,255                                       |
|                      | 5.500%                      | (5), (5.14) | 138                      | 22,914,354                                     | 94                          | 13,515,431                                      |
| <b>2007 Series G</b> |                             |             | <b>295</b>               | <b>58,957,023</b>                              | <b>128</b>                  | <b>22,557,022</b>                               |
|                      | 2.000%                      |             | 1                        | 271,524  | 1                           | 275,492   |
|                      | 4.875%                      |             | 1                        | 174,742  | 1                           | 153,596   |
|                      | 5.250%                      |             | 1                        | 162,000  | 0                           |   |
|                      | 5.750%                      |             | 11                       | 1,914,424                                      | 6                           | 1,030,970                                       |
|                      | 5.875%                      |             | 3                        | 555,934  | 2                           | 319,525   |
|                      | 6.000%                      |             | 26                       | 4,164,825                                      | 18                          | 2,410,961                                       |
|                      | 6.125%                      |             | 4                        | 716,937  | 3                           | 530,390   |
|                      | 6.250%                      |             | 33                       | 6,277,234                                      | 19                          | 3,224,287                                       |
|                      | 6.375%                      |             | 2                        | 333,900  | 1                           | 189,470   |
|                      | 6.500%                      |             | 33                       | 6,307,091                                      | 17                          | 3,184,988                                       |
|                      | 6.625%                      |             | 9                        | 2,223,598                                      | 3                           | 623,370   |
|                      | 6.750%                      |             | 39                       | 8,233,695                                      | 18                          | 3,399,105                                       |
|                      | 6.875%                      |             | 19                       | 4,353,102                                      | 5                           | 1,052,495                                       |
|                      | 7.000%                      |             | 45                       | 8,992,825                                      | 15                          | 2,539,933                                       |
|                      | 7.125%                      |             | 26                       | 5,640,074                                      | 8                           | 1,440,484                                       |
|                      | 7.250%                      |             | 40                       | 8,258,118                                      | 11                          | 2,181,957                                       |
|                      | 7.375%                      |             | 1                        | 252,000  | 0                           | 0   |
|                      | 7.625%                      |             | 1                        | 125,000  | 0                           | 0   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2007 Series H</b> |                             |             | <b>306</b>               | <b>60,893,787</b>                              | <b>140</b>                  | <b>24,012,274</b>                               |
|                      | 3.625%                      |             | 1                        | 195,000  | 1                           | 170,385   |
|                      | 5.350%                      |             | 1                        | 122,194  | 1                           | 123,184   |
|                      | 5.500%                      |             | 12                       | 2,107,841                                      | 10                          | 1,504,831                                       |
|                      | 5.750%                      |             | 13                       | 2,416,354                                      | 4                           | 715,398   |
|                      | 5.875%                      | (5), (5.23) | 33                       | 6,257,948                                      | 18                          | 3,059,463                                       |
|                      | 5.875%                      |             | 4                        | 546,327  | 3                           | 338,135   |
|                      | 6.000%                      |             | 20                       | 3,192,362                                      | 12                          | 1,769,646                                       |
|                      | 6.125%                      |             | 12                       | 2,587,950                                      | 8                           | 1,641,076                                       |
|                      | 6.250%                      |             | 41                       | 8,182,696                                      | 22                          | 3,697,295                                       |
|                      | 6.375%                      |             | 3                        | 705,248  | 2                           | 530,224   |
|                      | 6.500%                      |             | 23                       | 4,719,065                                      | 11                          | 1,997,575                                       |
|                      | 6.625%                      |             | 11                       | 2,240,880                                      | 2                           | 411,501   |
|                      | 6.750%                      |             | 41                       | 7,786,318                                      | 19                          | 3,018,414                                       |
|                      | 6.875%                      |             | 17                       | 3,787,420                                      | 3                           | 555,738   |
|                      | 7.000%                      |             | 50                       | 10,350,137                                     | 19                          | 3,408,810                                       |
|                      | 7.125%                      |             | 5                        | 1,216,445                                      | 0                           | 0   |
|                      | 7.250%                      |             | 17                       | 4,084,602                                      | 5                           | 1,070,600                                       |
|                      | 7.500%                      |             | 1                        | 252,500  | 0                           | 0   |
|                      | 7.750%                      |             | 1                        | 142,500  | 0                           | 0   |
| <b>2007 Series I</b> |                             |             | <b>295</b>               | <b>61,300,580</b>                              | <b>149</b>                  | <b>26,984,073</b>                               |
|                      | 5.250%                      |             | 1                        | 224,350  | 0                           | 0   |
|                      | 5.625%                      |             | 13                       | 2,049,917                                      | 9                           | 1,293,504                                       |
|                      | 5.750%                      |             | 38                       | 7,294,954                                      | 26                          | 4,226,522                                       |
|                      | 5.875%                      |             | 30                       | 6,277,392                                      | 15                          | 2,768,211                                       |
|                      | 6.000%                      |             | 6                        | 1,166,659                                      | 6                           | 1,101,500                                       |
|                      | 6.125%                      |             | 25                       | 6,128,968                                      | 15                          | 3,302,523                                       |
|                      | 6.250%                      |             | 1                        | 61,931   | 1                           | 55,446  |
|                      | 6.375%                      |             | 8                        | 1,914,810                                      | 3                           | 629,136   |
|                      | 6.500%                      | (5), (5.18) | 88                       | 18,537,582                                     | 45                          | 8,661,262                                       |
|                      | 6.625%                      |             | 3                        | 452,926  | 3                           | 381,117   |
|                      | 6.750%                      |             | 1                        | 228,000  | 0                           | 0   |
|                      | 7.000%                      | (5), (5.19) | 81                       | 16,963,091                                     | 26                          | 4,564,852                                       |
| <b>2007 Series J</b> |                             |             | <b>326</b>               | <b>60,890,080</b>                              | <b>186</b>                  | <b>29,939,951</b>                               |
|                      | 5.500%                      |             | 3                        | 419,183  | 2                           | 235,549   |
|                      | 5.625%                      |             | 1                        | 210,842  | 1                           | 202,421   |
|                      | 6.125%                      |             | 6                        | 1,407,608                                      | 6                           | 1,315,259                                       |
|                      | 6.375%                      |             | 1                        | 262,000  | 1                           | 252,168   |
|                      | 6.625%                      |             | 1                        | 230,834  | 1                           | 220,655   |
|                      | 6.750%                      |             | 3                        | 662,394  | 2                           | 388,250   |
|                      | 6.750%                      | (5), (5.20) | 80                       | 13,813,132                                     | 40                          | 5,697,746                                       |
|                      | 6.250%                      | (5), (5.21) | 121                      | 22,851,219                                     | 71                          | 11,345,094                                      |
|                      | 5.875%                      | (5), (5.23) | 110                      | 21,032,868                                     | 62                          | 10,282,810                                      |
| <b>2007 Series K</b> |                             |             | <b>154</b>               | <b>26,948,323</b>                              | <b>82</b>                   | <b>11,970,627</b>                               |
|                      | 3.625%                      |             | 1                        | 181,800  | 1                           | 166,610   |
|                      | 5.500%                      |             | 6                        | 969,173  | 3                           | 274,575   |
|                      | 5.625%                      |             | 17                       | 2,613,845                                      | 9                           | 1,002,571                                       |
|                      | 5.750%                      |             | 9                        | 1,711,090                                      | 8                           | 1,394,557                                       |
|                      | 5.875%                      | (5), (5.24) | 29                       | 5,568,953                                      | 16                          | 2,504,151                                       |
|                      | 5.875%                      |             | 7                        | 1,077,370                                      | 4                           | 553,248   |
|                      | 6.000%                      |             | 33                       | 4,871,290                                      | 19                          | 2,608,479                                       |
|                      | 6.125%                      |             | 13                       | 2,596,787                                      | 8                           | 1,325,478                                       |
|                      | 6.250%                      |             | 7                        | 1,193,239                                      | 4                           | 701,039   |
|                      | 6.375%                      |             | 7                        | 1,518,049                                      | 3                           | 483,713   |
|                      | 6.500%                      |             | 2                        | 568,103  | 0                           | 0   |
|                      | 6.625%                      |             | 13                       | 2,194,456                                      | 4                           | 588,837   |
|                      | 6.750%                      |             | 9                        | 1,769,801                                      | 2                           | 266,516   |
|                      | 7.000%                      |             | 1                        | 114,367  | 1                           | 100,854   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote    | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|-------------|--------------------------|--|-----------------------------|---|
| <b>2007 Series M</b> |                             |             | <b>151</b>               | <b>29,359,952</b>                              | <b>82</b>                   | <b>13,258,474</b>                               |
|                      | 5.500%                      |             | 1                        | 121,642  | 1                           | 111,094   |
|                      | 5.875%                      | (5), (5.24) | 150                      | 29,238,310                                     | 81                          | 13,147,380                                      |
| <b>2008 Series A</b> |                             |             | <b>253</b>               | <b>46,137,376</b>                              | <b>114</b>                  | <b>18,579,712</b>                               |
|                      | 5.500%                      |             | 4                        | 598,287  | 4                           | 501,081   |
|                      | 5.625%                      |             | 1                        | 137,740  | 1                           | 119,351   |
|                      | 5.750%                      |             | 3                        | 802,692  | 1                           | 224,793   |
|                      | 5.875%                      |             | 50                       | 9,186,172                                      | 32                          | 5,425,799                                       |
|                      | 6.000%                      |             | 6                        | 893,788  | 5                           | 726,538   |
|                      | 6.125%                      |             | 26                       | 4,739,102                                      | 10                          | 1,600,707                                       |
|                      | 6.250%                      |             | 114                      | 19,182,458                                     | 46                          | 6,845,459                                       |
|                      | 6.375%                      |             | 12                       | 2,609,492                                      | 4                           | 889,047   |
|                      | 6.500%                      |             | 13                       | 2,624,889                                      | 8                           | 1,594,227                                       |
|                      | 6.625%                      |             | 1                        | 325,700  | 0                           | 0   |
|                      | 6.750%                      |             | 8                        | 1,902,275                                      | 2                           | 457,180   |
|                      | 7.000%                      |             | 12                       | 2,418,530                                      | 0                           | 0   |
|                      | 7.250%                      |             | 2                        | 445,185  | 1                           | 195,529   |
|                      | 7.500%                      |             | 1                        | 271,066  | 0                           |   |
| <b>2008 Series B</b> |                             |             | <b>101</b>               | <b>19,088,644</b>                              | <b>52</b>                   | <b>8,351,977</b>                                |
|                      | 3.510%                      |             | 1                        | 212,755  | 1                           | 168,365   |
|                      | 5.375%                      |             | 2                        | 256,695  | 2                           | 228,489   |
|                      | 5.500%                      |             | 12                       | 2,076,892                                      | 9                           | 1,251,793                                       |
|                      | 5.750%                      |             | 15                       | 2,829,320                                      | 11                          | 1,803,206                                       |
|                      | 6.000%                      |             | 6                        | 981,867  | 0                           | 0   |
|                      | 6.125%                      |             | 18                       | 3,652,498                                      | 11                          | 1,769,657                                       |
|                      | 6.250%                      |             | 32                       | 5,847,807                                      | 12                          | 1,983,109                                       |
|                      | 6.375%                      |             | 12                       | 2,567,374                                      | 3                           | 503,758   |
|                      | 6.875%                      |             | 3                        | 663,436  | 3                           | 643,599   |
| <b>2008 Series C</b> |                             |             | <b>413</b>               | <b>77,360,548</b>                              | <b>226</b>                  | <b>36,063,270</b>                               |
|                      | 4.625%                      |             | 1                        | 136,282  | 1                           | 95,303  |
|                      | 4.800%                      |             | 1                        | 360,000  | 1                           | 268,627   |
|                      | 5.250%                      |             | 1                        | 202,750  | 0                           | 0   |
|                      | 5.500%                      |             | 8                        | 903,576  | 7                           | 658,360   |
|                      | 5.625%                      |             | 7                        | 1,206,885                                      | 5                           | 720,866   |
|                      | 5.750%                      |             | 7                        | 1,663,460                                      | 1                           | 217,082   |
|                      | 5.875%                      |             | 167                      | 30,582,341                                     | 101                         | 15,512,250                                      |
|                      | 6.000%                      |             | 8                        | 1,166,422                                      | 5                           | 569,195   |
|                      | 6.125%                      |             | 20                       | 3,969,772                                      | 15                          | 2,687,515                                       |
|                      | 6.250%                      |             | 122                      | 22,965,889                                     | 59                          | 9,954,101                                       |
|                      | 6.375%                      |             | 11                       | 2,463,088                                      | 4                           | 862,298   |
|                      | 6.500%                      |             | 16                       | 4,087,427                                      | 10                          | 2,401,967                                       |
|                      | 6.625%                      |             | 14                       | 2,624,415                                      | 3                           | 495,054   |
|                      | 6.750%                      |             | 20                       | 3,300,012                                      | 12                          | 1,453,515                                       |
|                      | 7.000%                      |             | 10                       | 1,728,229                                      | 2                           | 167,136   |
| <b>2008 Series D</b> |                             |             | <b>228</b>               | <b>40,133,201</b>                              | <b>118</b>                  | <b>17,623,920</b>                               |
|                      | 2.000%                      |             | 1                        | 224,729  | 0                           | 0   |
|                      | 5.750%                      |             | 7                        | 1,452,845                                      | 4                           | 695,995   |
|                      | 5.875%                      |             | 25                       | 4,245,349                                      | 15                          | 1,846,006                                       |
|                      | 6.000%                      |             | 21                       | 3,434,122                                      | 14                          | 1,914,781                                       |
|                      | 6.125%                      |             | 10                       | 1,939,537                                      | 3                           | 536,348   |
|                      | 6.250%                      |             | 98                       | 17,577,789                                     | 53                          | 8,178,126                                       |
|                      | 6.375%                      |             | 13                       | 1,988,638                                      | 7                           | 892,491   |
|                      | 6.500%                      |             | 15                       | 3,056,348                                      | 4                           | 942,816   |
|                      | 6.625%                      |             | 4                        | 767,773  | 1                           | 150,348   |
|                      | 6.750%                      |             | 22                       | 3,464,364                                      | 13                          | 1,819,776                                       |
|                      | 6.875%                      |             | 1                        | 185,000  | 1                           | 177,733   |
|                      | 7.000%                      |             | 7                        | 1,159,881                                      | 1                           | 177,403   |
|                      | 7.250%                      |             | 1                        | 169,057  | 0                           | 0   |
|                      | 7.500%                      |             | 2                        | 295,048  | 1                           | 130,429   |
|                      | 7.750%                      |             | 1                        | 172,721  | 1                           | 161,666   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|----------|--------------------------|--|-----------------------------|---|
| <b>2008 Series E</b> |                             |          | <b>134</b>               | <b>20,769,246</b>                              | <b>87</b>                   | <b>11,471,307</b>                               |
|                      | 5.375%                      |          | 14                       | 2,253,077                                      | 12                          | 1,735,001                                       |
|                      | 5.500%                      |          | 4                        | 716,639  | 3                           | 502,129   |
|                      | 5.625%                      |          | 12                       | 1,714,572                                      | 9                           | 1,046,415                                       |
|                      | 5.750%                      |          | 15                       | 2,369,159                                      | 10                          | 1,531,911                                       |
|                      | 5.875%                      |          | 15                       | 2,433,863                                      | 10                          | 1,260,376                                       |
|                      | 6.000%                      |          | 24                       | 3,038,184                                      | 14                          | 1,499,657                                       |
|                      | 6.125%                      |          | 1                        | 142,348  | 0                           | 0   |
|                      | 6.250%                      |          | 4                        | 682,288  | 2                           | 273,542   |
|                      | 6.375%                      |          | 8                        | 1,348,233                                      | 6                           | 756,366   |
|                      | 6.500%                      |          | 3                        | 659,397  | 3                           | 604,447   |
|                      | 6.625%                      |          | 4                        | 801,465  | 1                           | 160,507   |
|                      | 6.750%                      |          | 19                       | 2,715,115                                      | 14                          | 1,737,989                                       |
|                      | 7.000%                      |          | 6                        | 1,010,073                                      | 2                           | 216,555   |
|                      | 7.500%                      |          | 5                        | 884,833  | 1                           | 146,413   |
| <b>2008 Series F</b> |                             |          | <b>110</b>               | <b>18,038,489</b>                              | <b>82</b>                   | <b>11,367,238</b>                               |
|                      | 5.375%                      |          | 17                       | 2,912,486                                      | 13                          | 1,848,079                                       |
|                      | 5.500%                      |          | 12                       | 1,866,417                                      | 10                          | 1,405,415                                       |
|                      | 5.625%                      |          | 12                       | 2,694,011                                      | 9                           | 1,600,321                                       |
|                      | 5.750%                      |          | 62                       | 9,625,152                                      | 48                          | 6,287,094                                       |
|                      | 5.875%                      |          | 2                        | 432,018  | 0                           | 0   |
|                      | 6.000%                      |          | 5                        | 508,405  | 2                           | 226,329   |
| <b>2009 Series A</b> |                             |          | <b>211</b>               | <b>32,839,040</b>                              | <b>163</b>                  | <b>22,579,072</b>                               |
|                      | 3.500%                      |          | 1                        | 81,753   | 0                           | 0   |
|                      | 3.750%                      |          | 2                        | 233,054  | 2                           | 225,619   |
|                      | 3.875%                      |          | 1                        | 236,360  | 1                           | 228,728   |
|                      | 4.000%                      |          | 7                        | 851,595  | 7                           | 819,452   |
|                      | 4.125%                      |          | 3                        | 422,882  | 3                           | 408,597   |
|                      | 4.500%                      |          | 1                        | 224,169  | 1                           | 203,026   |
|                      | 4.750%                      |          | 7                        | 741,150  | 6                           | 548,844   |
|                      | 4.875%                      |          | 3                        | 356,425  | 3                           | 325,930   |
|                      | 5.375%                      |          | 27                       | 4,505,073                                      | 22                          | 3,235,347                                       |
|                      | 5.500%                      |          | 13                       | 1,948,476                                      | 12                          | 1,558,129                                       |
|                      | 5.625%                      |          | 27                       | 4,116,464                                      | 22                          | 2,948,084                                       |
|                      | 5.750%                      |          | 79                       | 12,371,342                                     | 54                          | 7,525,323                                       |
|                      | 5.875%                      |          | 11                       | 1,958,825                                      | 8                           | 1,252,649                                       |
|                      | 6.000%                      |          | 25                       | 4,173,009                                      | 20                          | 3,144,404                                       |
|                      | 6.500%                      |          | 3                        | 535,028  | 1                           | 77,930  |
|                      | 6.750%                      |          | 1                        | 83,435   | 1                           | 77,010  |
| <b>2009 Series B</b> |                             |          | <b>246</b>               | <b>34,306,291</b>                              | <b>190</b>                  | <b>22,966,564</b>                               |
|                      | 3.875%                      |          | 3                        | 434,864  | 3                           | 411,028   |
|                      | 4.250%                      |          | 10                       | 1,017,722                                      | 9                           | 837,575   |
|                      | 4.500%                      |          | 1                        | 62,814   | 1                           | 56,504  |
|                      | 5.000%                      |          | 2                        | 341,696  | 1                           | 89,856  |
|                      | 5.250%                      |          | 3                        | 344,755  | 3                           | 328,851   |
|                      | 5.375%                      |          | 15                       | 1,977,535                                      | 13                          | 1,410,176                                       |
|                      | 5.625%                      |          | 56                       | 7,924,526                                      | 42                          | 5,150,452                                       |
|                      | 5.750%                      |          | 50                       | 6,678,164                                      | 42                          | 5,074,193                                       |
|                      | 5.875%                      |          | 20                       | 3,284,857                                      | 13                          | 1,735,085                                       |
|                      | 6.000%                      |          | 85                       | 12,082,256                                     | 62                          | 7,726,527                                       |
|                      | 6.750%                      |          | 1                        | 157,102  | 1                           | 146,317   |
| <b>2009 Series C</b> |                             |          | <b>53</b>                | <b>8,022,263</b>                               | <b>44</b>                   | <b>5,931,721</b>                                |
|                      | 3.625%                      |          | 1                        | 94,388   | 1                           | 89,664  |
|                      | 3.750%                      |          | 2                        | 147,420  | 2                           | 139,313   |
|                      | 4.875%                      |          | 6                        | 995,418  | 6                           | 909,689   |
|                      | 5.125%                      |          | 10                       | 1,956,776                                      | 8                           | 1,357,387                                       |
|                      | 5.250%                      |          | 27                       | 4,012,685                                      | 23                          | 3,043,167                                       |
|                      | 5.750%                      |          | 7                        | 815,576  | 4                           | 392,502   |

| Sources of Funds                   | Mortgage Loan Interest Rate | Footnote   | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|------------------------------------|-----------------------------|------------|--------------------------|--|-----------------------------|---|
| <b>2010 Series A</b>               |                             |            | <b>556</b>               | <b>44,592,298</b>                              | <b>290</b>                  | <b>11,536,059</b>                               |
|                                    | 2.000%                      |            | 1                        | 76,915   | 1                           | 36,391  |
|                                    | 4.250%                      |            | 1                        | 66,400   | 1                           | 27,501  |
|                                    | 5.500%                      | (4), (4.7) | 7                        | 562,319  | 1                           | 54,157  |
|                                    | 5.500%                      | (4), (4.7) | 20                       | 1,821,006                                      | 4                           | 195,916   |
|                                    | 5.500%                      | (4), (4.7) | 50                       | 4,765,453                                      | 8                           | 425,395   |
|                                    | 4.000%                      | (4), (4.7) | 11                       | 935,890  | 4                           | 201,738   |
|                                    | 5.000%                      | (4), (4.7) | 106                      | 11,858,237                                     | 13                          | 913,032   |
|                                    | 5.875%                      | (4), (4.7) | 13                       | 1,388,069                                      | 2                           | 128,190   |
|                                    | 6.000%                      | (4), (4.7) | 5                        | 592,714  | 1                           | 41,272  |
|                                    | 4.000%                      | (4), (4.7) | 41                       | 3,721,595                                      | 18                          | 1,110,462                                       |
|                                    | 4.250%                      |            | 1                        | 72,250   | 1                           | 12,330  |
|                                    | 4.375%                      |            | 1                        | 38,400   | 1                           | 18,584  |
|                                    | 4.875%                      |            | 7                        | 920,020  | 7                           | 838,912   |
|                                    | 5.000%                      |            | 66                       | 3,588,442                                      | 63                          | 1,931,233                                       |
|                                    | 5.125%                      |            | 23                       | 4,417,760                                      | 20                          | 3,448,809                                       |
|                                    | 6.000%                      |            | 1                        | 60,000   | 1                           | 26,511  |
|                                    | 7.000%                      |            | 12                       | 739,300  | 9                           | 151,372   |
|                                    | 7.750%                      |            | 53                       | 2,346,746                                      | 37                          | 522,888   |
|                                    | 7.875%                      |            | 29                       | 1,363,440                                      | 23                          | 356,273   |
|                                    | 8.000%                      |            | 36                       | 1,519,434                                      | 26                          | 323,999   |
|                                    | 8.750%                      |            | 43                       | 2,171,527                                      | 31                          | 480,474   |
|                                    | 8.875%                      |            | 7                        | 334,411  | 2                           | 22,769  |
|                                    | 9.000%                      |            | 21                       | 1,170,770                                      | 16                          | 247,570   |
|                                    | 9.250%                      |            | 1                        | 61,200   | 1                           | 20,282  |
| <b>2010 Series B<sup>(8)</sup></b> |                             |            | <b>199</b>               | <b>23,401,598</b>                              | <b>152</b>                  | <b>13,621,960</b>                               |
|                                    | 4.875%                      |            | 24                       | 3,251,866                                      | 21                          | 2,296,320                                       |
|                                    | 4.950%                      |            | 83                       | 9,394,978                                      | 60                          | 4,803,482                                       |
|                                    | 5.000%                      |            | 24                       | 1,903,160                                      | 24                          | 1,540,787                                       |
|                                    | 5.250%                      |            | 5                        | 745,576  | 2                           | 194,878   |
|                                    | 5.500%                      |            | 20                       | 2,661,065                                      | 14                          | 1,436,802                                       |
|                                    | 5.625%                      |            | 43                       | 5,444,953                                      | 31                          | 3,349,692                                       |
| <b>Collateral Reserve (A)</b>      |                             |            | <b>106</b>               | <b>8,764,712</b>                               | <b>47</b>                   | <b>2,177,466</b>                                |
|                                    | 4.000%                      | (3)        | 106                      | 8,764,712                                      | 47                          | 2,177,466                                       |
| <b>2011 Series AB</b>              |                             |            | <b>615</b>               | <b>104,156,389</b>                             | <b>561</b>                  | <b>86,015,157</b>                               |
|                                    | 3.375%                      |            | 1                        | 185,183  | 1                           | 168,486   |
|                                    | 3.500%                      |            | 10                       | 1,620,137                                      | 8                           | 1,194,884                                       |
|                                    | 3.625%                      |            | 10                       | 1,576,731                                      | 10                          | 1,395,007                                       |
|                                    | 3.750%                      |            | 15                       | 2,766,214                                      | 13                          | 2,022,450                                       |
|                                    | 3.875%                      |            | 202                      | 34,038,682                                     | 192                         | 29,176,599                                      |
|                                    | 4.000%                      |            | 65                       | 10,570,511                                     | 57                          | 8,528,318                                       |
|                                    | 4.125%                      |            | 15                       | 2,590,374                                      | 14                          | 2,062,994                                       |
|                                    | 4.250%                      |            | 137                      | 24,272,816                                     | 120                         | 19,309,418                                      |
|                                    | 4.375%                      |            | 15                       | 2,468,379                                      | 15                          | 2,257,663                                       |
|                                    | 4.500%                      |            | 33                       | 5,897,110                                      | 30                          | 4,911,940                                       |
|                                    | 4.625%                      |            | 5                        | 831,299  | 4                           | 575,254   |
|                                    | 4.750%                      |            | 61                       | 10,225,387                                     | 55                          | 8,466,441                                       |
|                                    | 4.875%                      |            | 16                       | 2,412,721                                      | 16                          | 2,163,376                                       |
|                                    | 5.250%                      |            | 30                       | 4,700,845                                      | 26                          | 3,782,329                                       |

| Sources of Funds      | Mortgage Loan Interest Rate | Footnote   | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|-----------------------|-----------------------------|------------|--------------------------|--|-----------------------------|---|
| <b>2012 Series AB</b> |                             |            | <b>1,565</b>             | <b>147,274,967</b>                             | <b>530</b>                  | <b>32,360,034</b>                               |
|                       | 5.000%                      |            | 21                       | 2,252,921                                      | 16                          | 1,178,145                                       |
|                       | 5.500%                      |            | 25                       | 1,888,342                                      | 22                          | 1,262,069                                       |
|                       | 4.000%                      | (4), (4.3) | 597                      | 56,978,406                                     | 90                          | 5,086,259                                       |
|                       | 5.500%                      | (4), (4.4) | 22                       | 1,909,980                                      | 8                           | 411,710   |
|                       | 5.875%                      | (4), (4.6) | 104                      | 10,873,159                                     | 15                          | 1,004,152                                       |
|                       | 4.000%                      | (5), (5.2) | 392                      | 35,362,274                                     | 162                         | 9,558,551                                       |
|                       | 5.000%                      | (5), (5.4) | 151                      | 15,022,989                                     | 46                          | 3,005,794                                       |
|                       | 4.750%                      | (5), (5.5) | 51                       | 4,506,337                                      | 20                          | 1,196,667                                       |
|                       | 4.750%                      | (5), (5.8) | 62                       | 5,491,320                                      | 24                          | 1,572,693                                       |
|                       | 5.500%                      | (5), (5.9) | 10                       | 1,593,518                                      | 6                           | 753,287   |
|                       | 5.750%                      |            | 9                        | 784,767  | 8                           | 539,393   |
|                       | 5.875%                      |            | 23                       | 2,130,490                                      | 21                          | 1,480,601                                       |
|                       | 6.000%                      |            | 20                       | 1,674,044                                      | 20                          | 1,049,078                                       |
|                       | 6.125%                      |            | 59                       | 5,047,704                                      | 57                          | 3,310,357                                       |
|                       | 6.375%                      |            | 2                        | 232,380  | 0                           | 0   |
|                       | 6.500%                      |            | 14                       | 1,305,924                                      | 13                          | 880,905   |
|                       | 6.900%                      |            | 2                        | 220,412  | 1                           | 70,372  |
| <b>2014 Series AB</b> |                             |            | <b>408</b>               | <b>44,867,716</b>                              | <b>365</b>                  | <b>30,291,148</b>                               |
|                       | 4.000%                      |            | 18                       | 988,300  | 18                          | 726,593   |
|                       | 4.750%                      |            | 11                       | 974,513  | 10                          | 633,145   |
|                       | 4.875%                      |            | 33                       | 3,224,240                                      | 30                          | 2,169,342                                       |
|                       | 4.950%                      |            | 289                      | 33,146,810                                     | 254                         | 21,988,062                                      |
|                       | 5.000%                      |            | 1                        | 71,400   | 1                           | 54,364  |
|                       | 5.050%                      |            | 1                        | 74,400   | 1                           | 53,116  |
|                       | 5.125%                      |            | 7                        | 940,435  | 7                           | 747,392   |
|                       | 5.250%                      |            | 24                       | 2,784,516                                      | 23                          | 2,079,808                                       |
|                       | 5.500%                      |            | 24                       | 2,663,102                                      | 21                          | 1,839,326                                       |
| <b>2014 Series CD</b> |                             |            | <b>2,181</b>             | <b>203,547,636</b>                             | <b>407</b>                  | <b>30,918,827</b>                               |
|                       | 3.250%                      |            | 5                        | 447,414  | 5                           | 423,822   |
|                       | 3.375%                      |            | 1                        | 17,032   | 1                           | 16,177  |
|                       | 3.500%                      |            | 5                        | 590,482  | 5                           | 565,289   |
|                       | 3.750%                      |            | 2                        | 307,967  | 2                           | 292,135   |
|                       | 4.000%                      |            | 282                      | 23,728,425                                     | 69                          | 3,367,570                                       |
|                       | 4.125%                      |            | 4                        | 298,775  | 4                           | 296,811   |
|                       | 4.250%                      |            | 5                        | 492,498  | 5                           | 486,304   |
|                       | 4.375%                      |            | 8                        | 760,100  | 8                           | 747,653   |
|                       | 4.500%                      |            | 4                        | 410,302  | 4                           | 401,337   |
|                       | 4.625%                      |            | 8                        | 1,037,847                                      | 8                           | 1,013,789                                       |
|                       | 4.750%                      |            | 7                        | 950,208  | 7                           | 927,996   |
|                       | 4.875%                      |            | 97                       | 10,921,443                                     | 35                          | 3,195,407                                       |
|                       | 4.950%                      |            | 229                      | 32,506,887                                     | 12                          | 1,282,956                                       |
|                       | 5.000%                      |            | 13                       | 870,167  | 6                           | 313,650   |
|                       | 5.500%                      |            | 145                      | 17,594,870                                     | 0                           | 0   |
|                       | 5.500%                      | (4), (4.1) | 41                       | 3,436,397                                      | 7                           | 330,957   |
|                       | 5.125%                      |            | 43                       | 4,990,081                                      | 14                          | 1,253,117                                       |
|                       | 5.250%                      |            | 21                       | 2,933,240                                      | 4                           | 382,773   |
|                       | 5.500%                      |            | 299                      | 22,403,070                                     | 120                         | 10,844,426                                      |
|                       | 5.625%                      |            | 28                       | 3,637,701                                      | 6                           | 694,371   |
|                       | 6.400%                      |            | 859                      | 68,014,083                                     | 82                          | 3,865,499                                       |
|                       | 6.900%                      |            | 10                       | 1,031,690                                      | 1                           | 72,599  |
|                       | 7.250%                      |            | 65                       | 6,166,957                                      | 2                           | 144,191   |

| Sources of Funds     | Mortgage Loan Interest Rate | Footnote   | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|----------------------|-----------------------------|------------|--------------------------|--|-----------------------------|---|
| <b>2014 Series E</b> |                             |            | <b>560</b>               | <b>66,319,601</b>                              | <b>513</b>                  | <b>48,622,739</b>                               |
|                      | 4.000%                      |            | 15                       | 1,206,650                                      | 7                           | 298,756   |
|                      | 4.750%                      |            | 18                       | 1,176,804                                      | 18                          | 877,165   |
|                      | 4.875%                      |            | 147                      | 15,504,107                                     | 143                         | 12,164,342                                      |
|                      | 4.950%                      |            | 85                       | 9,104,887                                      | 85                          | 7,010,384                                       |
|                      | 5.000%                      |            | 38                       | 3,236,042                                      | 38                          | 2,659,327                                       |
|                      | 5.050%                      |            | 1                        | 140,271  | 1                           | 108,215   |
|                      | 5.125%                      |            | 1                        | 245,000  | 1                           | 137,265   |
|                      | 5.250%                      |            | 11                       | 1,287,530                                      | 11                          | 1,093,215                                       |
|                      | 5.500%                      |            | 83                       | 10,633,790                                     | 81                          | 8,692,457                                       |
|                      | 5.500%                      | (5), (5.9) | 75                       | 11,531,901                                     | 45                          | 5,451,359                                       |
|                      | 5.625%                      |            | 66                       | 8,060,916                                      | 65                          | 6,610,140                                       |
|                      | 5.875%                      |            | 15                       | 3,206,901                                      | 13                          | 2,624,183                                       |
|                      | 5.950%                      |            | 5                        | 984,802  | 5                           | 895,932   |
| <b>2014 Series F</b> |                             |            | <b>118</b>               | <b>25,036,371</b>                              | <b>117</b>                  | <b>24,354,000</b>                               |
|                      | 4.875%                      |            | 118                      | 25,036,371                                     | 117                         | 24,354,000                                      |

| Sources of Funds       | Mortgage Loan Interest Rate | Footnote | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|------------------------|-----------------------------|----------|--------------------------|--|-----------------------------|---|
| Collateral Reserve (C) |                             |          | <b>3,989</b>             | <b>242,277,048</b>                             | <b>2,111</b>                | <b>51,588,725</b>                               |
|                        | 0.000%                      |          | 4                        | 170,800  | 4                           | 94,308  |
|                        | 1.000%                      |          | 3                        | 165,400  | 2                           | 47,043  |
|                        | 2.000%                      |          | 6                        | 263,700  | 6                           | 131,649   |
|                        | 3.000%                      |          | 2                        | 75,450   | 1                           | 7,461   |
|                        | 4.000%                      |          | 50                       | 4,260,060                                      | 40                          | 2,114,988                                       |
|                        | 5.000%                      |          | 258                      | 11,161,186                                     | 224                         | 4,208,512                                       |
|                        | 5.500%                      |          | 109                      | 7,131,005                                      | 76                          | 2,066,392                                       |
|                        | 5.750%                      |          | 1                        | 155,067  | 1                           | 125,642   |
|                        | 5.950%                      |          | 185                      | 12,622,116                                     | 126                         | 3,804,808                                       |
|                        | 6.000%                      |          | 3                        | 106,800  | 2                           | 41,441  |
|                        | 6.250%                      |          | 39                       | 2,325,187                                      | 28                          | 729,093   |
|                        | 6.375%                      |          | 26                       | 1,784,428                                      | 15                          | 590,917   |
|                        | 6.750%                      |          | 127                      | 8,912,022                                      | 92                          | 3,164,186                                       |
|                        | 6.850%                      |          | 65                       | 3,749,997                                      | 46                          | 1,371,268                                       |
|                        | 6.875%                      |          | 56                       | 3,449,777                                      | 42                          | 1,453,665                                       |
|                        | 6.900%                      |          | 155                      | 10,769,738                                     | 97                          | 3,450,189                                       |
|                        | 7.000%                      |          | 351                      | 18,157,892                                     | 244                         | 5,607,695                                       |
|                        | 7.125%                      |          | 42                       | 3,017,904                                      | 30                          | 1,201,678                                       |
|                        | 7.250%                      |          | 29                       | 1,519,188                                      | 23                          | 518,473   |
|                        | 7.350%                      |          | 61                       | 4,305,570                                      | 43                          | 1,558,134                                       |
|                        | 7.375%                      |          | 1                        | 360,000  | 1                           | 350,315   |
|                        | 7.500%                      |          | 136                      | 7,713,021                                      | 98                          | 2,997,800                                       |
|                        | 7.750%                      |          | 253                      | 15,204,617                                     | 184                         | 5,463,888                                       |
|                        | 7.875%                      |          | 144                      | 6,717,646                                      | 102                         | 1,180,232                                       |
|                        | 7.950%                      |          | 51                       | 2,573,589                                      | 32                          | 242,271   |
|                        | 7.992%                      | (7)      | 1052                     | 79,148,049                                     | 134                         | 2,212,676                                       |
|                        | 8.000%                      |          | 73                       | 4,684,076                                      | 65                          | 2,102,382                                       |
|                        | 8.250%                      |          | 71                       | 3,098,307                                      | 42                          | 496,682   |
|                        | 8.400%                      |          | 18                       | 816,212  | 10                          | 103,329   |
|                        | 8.500%                      |          | 79                       | 4,011,759                                      | 62                          | 853,080   |
|                        | 8.750%                      |          | 26                       | 1,434,685                                      | 17                          | 392,928   |
|                        | 8.875%                      |          | 102                      | 5,767,445                                      | 80                          | 1,699,722                                       |
|                        | 8.900%                      |          | 28                       | 1,438,937                                      | 17                          | 232,999   |
|                        | 9.000%                      |          | 16                       | 648,830  | 9                           | 94,909  |
|                        | 9.250%                      |          | 62                       | 3,154,473                                      | 40                          | 540,553   |
|                        | 9.400%                      |          | 7                        | 393,300  | 4                           | 47,573  |
|                        | 9.500%                      |          | 50                       | 2,034,040                                      | 20                          | 133,629   |
|                        | 9.625%                      |          | 24                       | 799,800  | 8                           | 7,543   |
|                        | 10.250%                     |          | 13                       | 501,500  | 10                          | 50,627  |
|                        | 10.375%                     |          | 27                       | 1,084,750                                      | 10                          | 12,211  |
|                        | 10.400%                     |          | 68                       | 2,418,475                                      | 17                          | 67,613  |
|                        | 10.500%                     |          | 10                       | 316,500  | 0                           | 0   |
|                        | 11.000%                     |          | 51                       | 1,822,150                                      | 6                           | 15,382  |
|                        | 11.200%                     |          | 33                       | 1,278,000                                      | 1                           | 2,836   |
|                        | 11.500%                     |          | 16                       | 540,100  | 0                           | 0   |
|                        | 13.900%                     |          | 6                        | 213,500  | 0                           | 0   |

| Sources of Funds                       | Mortgage Loan Interest Rate | Footnote | Original Number of Loans | Original Amount of All Loans \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|--|-----------------------------|----------|--------------------------|--|-----------------------------|---|
| <b>CDA Assurance</b>                   |                             |          | <b>7</b>                 | <b>995,915</b>                                 | <b>7</b>                    | <b>930,124</b>                                  |
|  | 1.000%                      |          | 1                        | 144,337  | 1                           | 140,191   |
|  | 3.750%                      |          | 1                        | 158,800  | 1                           | 140,130   |
|  | 4.000%                      |          | 4                        | 566,074  | 4                           | 530,536   |
|  | 4.125%                      |          | 1                        | 126,704  | 1                           | 119,267   |
| <b>CDA REFI<sup>(6)</sup></b>          |                             |          | <b>118</b>               | <b>25,218,197</b>                              | <b>118</b>                  | <b>25,041,921</b>                               |
|  | 4.875%                      |          | 118                      | 25,218,197                                     | 118                         | 25,041,921                                      |
| <b>Refinance Loans<sup>(6)</sup></b>   |                             |          | <b>75</b>                | <b>19,264,352</b>                              | <b>34</b>                   | <b>7,740,299</b>                                |
|  | 4.875%                      | (6)      | 2                        | 564,644  | 2                           | 398,774   |
|  | 6.250%                      | (6)      | 4                        | 993,505  | 1                           | 245,855   |
|  | 6.500%                      | (6)      | 59                       | 15,309,130                                     | 26                          | 5,822,607                                       |
|  | 6.625%                      | (6)      | 1                        | 250,000  | 0                           | 0   |
|  | 6.750%                      | (6)      | 2                        | 556,141  | 1                           | 250,831   |
|  | 7.000%                      | (6)      | 5                        | 1,130,613                                      | 3                           | 804,110   |
|  | 7.250%                      | (6)      | 1                        | 237,352  | 1                           | 218,122   |
| 7.375%                                 | (6)                         | 1        | 222,967                  | 0  | 0                           |   |
| <b>Total All Series <sup>(2)</sup></b> |                             |          | <b>26,502</b>            | <b>\$3,426,538,263</b>                         | <b>11,253</b>               | <b>\$1,275,310,157</b>                          |

**Notes:**

(1) For information on the status of remaining funds from prior Series of Bonds, see "Existing Portfolio and Available Funds Under the Bond Resolution - Status of Available Funds" above.

(2) Individual amounts may not add up to the total amount because of rounding. The total number of loans for all series is adjusted to prevent double counting of participation loans financed from multiple bond series under the Bond Resolution. (For detail on participation loans see Footnote (5)).

(3) The Collateral Reserve Fund is a fund established under the Bond Resolution at the time the 1997 Series A Bonds and the 1997 Series B Bonds were issued. Collateral Reserves (A), and (C) are additional accounts under the Collateral Reserve Fund.

(4) See Page K-17 for more detail.

(5) See Page K-18 through K-19 for more detail.

(6) These loans are currently held in the warehouse loan fund and will be purchased into a taxable series of bonds.

(7) These loans are melded loans from various rates of interest with a weighted average of 7.992%, which were transferred to the Residential Revenue Bond Program from the former Single Family Program Bonds.

(4) The mortgage rate paid by the borrower is derived from a blend of proceeds from a series of Residential Revenue Bonds and proceeds from the 1999 First Series Bonds issued under the General Certificate and loaned at 0.00%.  
 (See the below table for detail)

| Footnote # | Indenture                | Blended Series | Interest Rate by Series | Interest Rate to Borrower | Original Number of Loans | Original Amount of All Loans | Number of Current Loans | Outstanding Principal Amount |
|------------|--------------------------|----------------|-------------------------|---------------------------|--------------------------|------------------------------|-------------------------|------------------------------|
| (4.1)      | Residential Revenue Bond | 2014CD         | 6.40%                   | 5.50%                     | 46                       | \$ 562,319                   | 8                       | \$ 54,157                    |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 3,436,397                    |                         | 330,957                      |
| (4.2)      | Residential Revenue Bond | 1998B          | 6.10%                   | 5.50%                     | 201                      | 1,821,006                    | 36                      | 195,916                      |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 16,692,492                   |                         | 1,795,890                    |
| (4.3)      | Residential Revenue Bond | 2012AB         | 5.96%                   | 4.00%                     | 33                       | 935,890                      | 12                      | 201,738                      |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 1,909,980                    |                         | 411,710                      |
| (4.4)      | Residential Revenue Bond | 2012AB         | 5.96%                   | 5.50%                     | 647                      | 4,765,453                    | 98                      | 425,395                      |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 56,978,406                   |                         | 5,086,259                    |
| (4.5)      | Residential Revenue Bond | 2000 Series G  | 6.75%,7.5%              | 5.00%                     | 347                      | 11,858,237                   | 43                      | 913,032                      |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 27,059,330                   |                         | 2,080,757                    |
| (4.6)      | Residential Revenue Bond | 2012AB         | 6.625%                  | 5.875%                    | 117                      | 1,388,069                    | 17                      | 128,190                      |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 10,873,159                   |                         | 1,004,152                    |
| (4.7)      | Residential Revenue Bond | 2001F          | 6.625%                  | 6.00%                     | 58                       | 592,714                      | 7                       | 41,272                       |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 5,690,025                    |                         | 396,206                      |
| (4.8)      | Residential Revenue Bond | 2001F          | 6.625%                  | 4.00%                     | 104                      | 3,721,595                    | 33                      | 1,110,462                    |
|            | Residential Revenue Bond | 2010A          | 0.00%                   |                           |                          | 5,671,011                    |                         | 1,692,135                    |

(5) The mortgage rate paid by the borrower is derived from a blend of proceeds from different series of Residential Revenue Bonds. (See the below table for detail) Total number of loans is adjusted to avoid a double count of the number of loans financed with proceeds of different series issued under the Residential Revenue Bond Resolution.

| Footnote # | Indenture                | Blended Series | Interest Rate by Series | Interest Rate to Borrower | Original Number of Loans | Original Amount of All Loans | Number of Current Loans | Outstanding Principal Amount |
|------------|--------------------------|----------------|-------------------------|---------------------------|--------------------------|------------------------------|-------------------------|------------------------------|
| (5.1)      | Residential Revenue Bond | 2001 Series F  | 6.625%                  | 5.75%                     | 287                      | \$ 28,553,784                | 53                      | \$ 3,639,169                 |
|            | Residential Revenue Bond | 1999 Series E  | 0.00%                   |                           |                          | 3,771,241                    |                         | 480,643                      |
| (5.2)      | Residential Revenue Bond | 2012AB         | 6.750%                  | 4.00%                     | 392                      | 35,362,274                   | 162                     | 9,558,551                    |
|            | Residential Revenue Bond | 2012AB         | 0.00%                   |                           |                          | 14,406,838                   |                         | 3,894,220                    |
| (5.3)      | Residential Revenue Bond | 2000 Series D  | 6.100%                  | 5.00%                     | 71                       | 7,015,310                    | 21                      | 1,467,167                    |
|            | Residential Revenue Bond | 2000 Series B  | 0.00%                   |                           |                          | 1,265,057                    |                         | 264,571                      |
| (5.4)      | Residential Revenue Bond | 2012AB         | 6.250%                  | 5.00%                     | 189                      | 18,778,736                   | 58                      | 3,757,242                    |
|            | Residential Revenue Bond | 2012AB         | 0.00%                   |                           |                          | 3,755,747                    |                         | 751,448                      |
| (5.5)      | Residential Revenue Bond | 2012AB         | 6.250%                  | 4.75%                     | 51                       | 4,506,337                    | 20                      | 1,196,667                    |
|            | Residential Revenue Bond | 2012AB         | 0.00%                   |                           |                          | 1,081,521                    |                         | 287,200                      |
| (5.6)      | Residential Revenue Bond | 2001 Series F  | 6.560%                  | 5.05%                     | 17                       | 1,632,411                    | 7                       | 430,582                      |
|            | Residential Revenue Bond | 2000 Series B  | 0.00%                   |                           |                          | 375,455                      |                         | 99,034                       |
| (5.7)      | Residential Revenue Bond | 2001 Series F  | 6.560%                  | 4.95%                     | 37                       | 4,038,544                    | 16                      | 1,256,319                    |
|            | Residential Revenue Bond | 1999 Series E  | 0.00%                   |                           |                          | 989,443                      |                         | 307,798                      |
| (5.8)      | Residential Revenue Bond | 2012AB         | 6.500%                  | 4.75%                     | 85                       | 7,522,356                    | 33                      | 2,154,374                    |
|            | Residential Revenue Bond | 2000 Series H  | 0.00%                   |                           |                          | 1,636,729                    |                         | 468,753                      |
|            | Residential Revenue Bond | 1999 Series E  | 0.00%                   |                           |                          | 394,307                      |                         | 112,928                      |
| (5.9)      | Residential Revenue Bond | 2005 Series E  | 6.260%                  | 5.50%                     | 85                       | 13,125,419                   | 51                      | 6,204,646                    |
|            | Residential Revenue Bond | 2012AB         | 0.00%                   |                           |                          | 1,593,518                    |                         | 753,287                      |
| (5.10)     | Residential Revenue Bond | 2006 Series H  | 7.110%                  | 6.00%                     | 113                      | 16,917,935                   | 52                      | 6,362,082                    |
|            | Residential Revenue Bond | 2006 Series I  | 7.110%                  |                           |                          | 22,603,660                   |                         | 8,500,230                    |
|            | Residential Revenue Bond | 2002 Series A  | 0.00%                   |                           |                          | 3,609,420                    |                         | 1,357,342                    |

(5) The mortgage rate paid by the borrower is derived from a blend of proceeds from different series of Residential Revenue Bonds. (See the below table for detail) Total number of loans is adjusted to avoid a double count of the number of loans financed with proceeds of different series issued under the Residential Revenue Bond Resolution.

|        |                          |               |        |       |     |              |     |              |
|--------|--------------------------|---------------|--------|-------|-----|--------------|-----|--------------|
| (5.11) | Residential Revenue Bond | 2006 Series P | 0.000% | 6.25% | 147 | 3,366,396    | 74  | 1,541,674    |
|        | Residential Revenue Bond | 2006 Series S | 7.11%  |       |     | 27,831,802   |     | 12,745,851   |
| (5.12) | Residential Revenue Bond | 2007 Series A | 0.000% | 6.25% | 166 | \$ 3,475,600 | 78  | \$ 1,469,768 |
|        | Residential Revenue Bond | 2007 Series B | 6.988% |       |     | 32,909,766   |     | 13,916,941   |
| (5.13) | Residential Revenue Bond | 2007 Series D | 0.000% | 6.25% | 200 | 3,651,140    | 95  | 1,527,416    |
|        | Residential Revenue Bond | 2007 Series E | 0.00%  |       |     | 23,606,706   |     | 9,875,615    |
|        | Residential Revenue Bond | 2007 Series F | 6.97%  |       |     | 36,879,831   |     | 15,428,286   |
| (5.14) | Residential Revenue Bond | 2007 Series D | 0.000% | 5.50% | 163 | 4,174,757    | 111 | 2,462,371    |
|        | Residential Revenue Bond | 2007 Series F | 6.97%  |       |     | 27,089,111   |     | 15,977,802   |
| (5.15) | Residential Revenue Bond | 2007 Series D | 0.000% | 6.88% | 34  | 782,894      | 13  | 265,343      |
|        | Residential Revenue Bond | 2007 Series E | 7.623% |       |     | 7,900,121    |     | 2,677,550    |
| (5.16) | Residential Revenue Bond | 2007 Series C | 0.000% | 7.25% | 52  | 1,462,041    | 22  | 573,047      |
|        | Residential Revenue Bond | 2007 Series E | 7.62%  |       |     | 11,662,370   |     | 4,571,067    |
| (5.17) | Residential Revenue Bond | 2007 Series C | 0.000% | 6.00% | 53  | 495,363      | 33  | 270,939      |
|        | Residential Revenue Bond | 2007 Series F | 7.62%  |       |     | 9,411,824    |     | 5,147,797    |
| (5.18) | Residential Revenue Bond | 2007 Series C | 0.000% | 6.50% | 103 | 18,537,582   | 53  | 8,661,262    |
|        | Residential Revenue Bond | 2007 Series I | 7.62%  |       |     | 21,688,967   |     | 10,133,675   |
| (5.19) | Residential Revenue Bond | 2007 Series C | 0.000% | 7.00% | 88  | 16,963,091   | 28  | 4,564,852    |
|        | Residential Revenue Bond | 2007 Series I | 7.62%  |       |     | 18,433,234   |     | 4,960,474    |
| (5.20) | Residential Revenue Bond | 2007 Series C | 0.000% | 6.75% | 90  | 13,813,132   | 45  | 5,697,746    |
|        | Residential Revenue Bond | 2007 Series J | 7.62%  |       |     | 15,603,722   |     | 6,436,342    |
| (5.21) | Residential Revenue Bond | 2007 Series C | 0.000% | 6.25% | 147 | 22,851,219   | 86  | 11,345,094   |
|        | Residential Revenue Bond | 2007 Series J | 7.62%  |       |     | 27,802,310   |     | 13,803,195   |
| (5.22) | Residential Revenue Bond | 2007 Series C | 0.000% | 6.13% | 49  | 8,940,338    | 30  | 5,000,454    |
|        | Residential Revenue Bond | 2007 Series F | 7.62%  |       |     | 11,126,895   |     | 6,223,426    |
| (5.23) | Residential Revenue Bond | 2007 Series H | 0.000% | 5.88% | 143 | 21,032,868   | 80  | 10,282,810   |
|        | Residential Revenue Bond | 2007 Series J | 7.62%  |       |     | 27,290,816   |     | 13,342,273   |
| (5.24) | Residential Revenue Bond | 2007 Series M | 0.000% | 5.88% | 179 | 29,238,310   | 97  | 13,147,380   |
|        | Residential Revenue Bond | 2007 Series K | 6.99%  |       |     | 34,807,263   |     | 15,651,531   |

**Appendix L**  
**RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY BOND SERIES AND LOAN TYPE**  
**June 30, 2015**

| Sources of Funds                    | Original Number<br>of Loans | Original Principal<br>Amount \$ <sup>(2)</sup> | Number of<br>Outstanding<br>Loans | Outstanding Principal<br>Balance \$ <sup>(2)</sup> |
|-------------------------------------|-----------------------------|--|-----------------------------------|--|
| <b>1997 Series A</b>                | <b>198</b>                  | <b>16,992,005</b>                              | <b>34</b>                         | <b>1,590,961</b>                                   |
| 30 Year Amortization                | 198                         | 16,992,005                                     | 34                                | 1,590,961  |
| <b>1998 Series A</b>                | <b>61</b>                   | <b>4,552,300</b>                               | <b>17</b>                         | <b>791,827</b>                                     |
| 30 Year Amortization                | 61                          | 4,552,300                                      | 17                                | 791,827  |
| <b>1998 Series B <sup>(1)</sup></b> | <b>879</b>                  | <b>74,306,563</b>                              | <b>124</b>                        | <b>5,941,723</b>                                   |
| 30 Year Amortization                | 879                         | 74,306,563                                     | 124                               | 5,941,723  |
| <b>1999 Series E <sup>(1)</sup></b> | <b>239</b>                  | <b>22,351,652</b>                              | <b>28</b>                         | <b>1,755,159</b>                                   |
| 30 Year Amortization                | 239                         | 22,351,652                                     | 28                                | 1,755,159  |
| <b>1999 Series F</b>                | <b>596</b>                  | <b>56,193,694</b>                              | <b>48</b>                         | <b>2,729,362</b>                                   |
| 30 Year Amortization                | 596                         | 56,193,694                                     | 48                                | 2,729,362  |
| <b>1999 Series H</b>                | <b>614</b>                  | <b>58,868,174</b>                              | <b>56</b>                         | <b>3,408,247</b>                                   |
| 30 Year Amortization                | 614                         | 58,868,174                                     | 56                                | 3,408,247  |
| <b>2000 Series A</b>                | <b>83</b>                   | <b>7,818,452</b>                               | <b>8</b>                          | <b>468,241</b>                                     |
| 30 Year Amortization                | 83                          | 7,818,452                                      | 8                                 | 468,241  |
| <b>2000 Series B <sup>(1)</sup></b> | <b>673</b>                  | <b>67,897,368</b>                              | <b>81</b>                         | <b>5,234,123</b>                                   |
| 30 Year Amortization                | 673                         | 67,897,368                                     | 81                                | 5,234,123  |
| <b>2000 Series C</b>                | <b>63</b>                   | <b>5,975,178</b>                               | <b>0</b>                          | <b>0</b>   |
| 30 Year Amortization                | 63                          | 5,975,178                                      | 0                                 | 0  |
| <b>2000 Series D <sup>(1)</sup></b> | <b>716</b>                  | <b>72,613,685</b>                              | <b>65</b>                         | <b>4,244,019</b>                                   |
| 30 Year Amortization                | 716                         | 72,613,685                                     | 65                                | 4,244,019  |
| <b>2000 Series F</b>                | <b>162</b>                  | <b>14,922,531</b>                              | <b>16</b>                         | <b>1,026,626</b>                                   |
| 30 Year Amortization                | 162                         | 14,922,531                                     | 16                                | 1,026,626  |
| <b>2000 Series G <sup>(1)</sup></b> | <b>623</b>                  | <b>63,725,157</b>                              | <b>87</b>                         | <b>5,517,387</b>                                   |
| 30 Year Amortization                | 623                         | 63,725,157                                     | 87                                | 5,517,387  |
| <b>2000 Series H</b>                | <b>593</b>                  | <b>53,823,397</b>                              | <b>56</b>                         | <b>3,727,482</b>                                   |
| 30 Year Amortization                | 593                         | 53,823,397                                     | 56                                | 3,727,482  |
| <b>2001 Series E</b>                | <b>141</b>                  | <b>13,490,845</b>                              | <b>33</b>                         | <b>2,239,654</b>                                   |
| 30 Year Amortization                | 141                         | 13,490,845                                     | 33                                | 2,239,654  |
| <b>2001 Series F <sup>(1)</sup></b> | <b>653</b>                  | <b>64,962,862</b>                              | <b>126</b>                        | <b>8,410,898</b>                                   |
| 30 Year Amortization                | 653                         | 64,962,862                                     | 126                               | 8,410,898  |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2002 Series A<sup>(1)</sup></b>  | <b>59</b>                | <b>7,795,314</b>                            | <b>20</b>                   | <b>2,285,681</b>                                |
| 30 Year Amortization  | 51                       | 6,062,084                                   | 20                          | 2,285,681                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 78,245                                      | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 6                        | 1,389,286                                   | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 1                        | 265,699                                     | 0                           | 0   |
| <b>2006 Series A</b>  | <b>73</b>                | <b>11,607,921</b>                           | <b>34</b>                   | <b>4,203,680</b>                                |
| 30 Year Amortization  | 55                       | 7,982,051                                   | 26                          | 2,740,869                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 18                       | 3,625,870                                   | 8                           | 1,462,811                                       |
| <b>2006 Series B</b>  | <b>279</b>               | <b>47,295,765</b>                           | <b>151</b>                  | <b>21,777,837</b>                               |
| 30 Year Amortization  | 204                      | 32,580,368                                  | 112                         | 14,584,300                                      |
| 40 Year Amortization  | 3                        | 625,545                                     | 2                           | 482,178   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 72                       | 14,089,852                                  | 37                          | 6,711,359                                       |
| <b>2006 Series E</b>  | <b>121</b>               | <b>22,807,005</b>                           | <b>69</b>                   | <b>11,699,106</b>                               |
| 30 Year Amortization  | 73                       | 12,449,955                                  | 42                          | 6,347,637                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 48                       | 10,357,050                                  | 27                          | 5,351,469                                       |
| <b>2006 Series F</b>  | <b>310</b>               | <b>57,464,822</b>                           | <b>158</b>                  | <b>24,916,812</b>                               |
| 30 Year Amortization  | 208                      | 35,734,145                                  | 103                         | 13,973,250                                      |
| 40 Year Amortization  | 8                        | 1,878,123                                   | 6                           | 1,143,157                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 186,000                                     | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 93                       | 19,666,554                                  | 49                          | 9,800,405                                       |
| <b>2006 Series G</b>  | <b>195</b>               | <b>38,789,329</b>                           | <b>110</b>                  | <b>18,567,004</b>                               |
| 30 Year Amortization  | 117                      | 21,124,098                                  | 67                          | 9,737,302                                       |
| 40 Year Amortization  | 6                        | 1,472,512                                   | 3                           | 642,166   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 70                       | 15,648,965                                  | 40                          | 8,187,535                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 2                        | 543,754                                     | 0                           | 0   |
| <b>2006 Series H<sup>(1)</sup></b>  | <b>85</b>                | <b>16,917,935</b>                           | <b>39</b>                   | <b>6,362,082</b>                                |
| 30 Year Amortization  | 50                       | 8,794,007                                   | 39                          | 6,362,082                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 366,745                                     | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 29                       | 6,511,807                                   | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 5                        | 1,245,376                                   | 0                           | 0   |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2006 Series I <sup>(1)</sup></b>                                       | <b>746</b>               | <b>142,915,431</b>                          | <b>373</b>                  | <b>58,687,812</b>                               |
| 30 Year Amortization  | 469                      | 81,910,826                                  | 361                         | 56,678,010                                      |
| 40 Year Amortization  | 25                       | 5,097,266                                   | 12                          | 2,009,802                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 370,010                                     | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 242                      | 53,664,286                                  | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 9                        | 1,873,043                                   | 0                           | 0   |
| <b>2006 Series J</b>  | <b>300</b>               | <b>58,250,788</b>                           | <b>146</b>                  | <b>23,943,911</b>                               |
| 30 Year Amortization  | 166                      | 28,843,945                                  | 82                          | 11,748,629                                      |
| 40 Year Amortization  | 19                       | 3,873,357                                   | 12                          | 2,024,494                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 239,900                                     | 1                           | 231,624   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 103                      | 22,603,694                                  | 46                          | 8,876,916                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 11                       | 2,689,892                                   | 5                           | 1,062,248                                       |
| <b>2006 Series K</b>  | <b>27</b>                | <b>5,542,364</b>                            | <b>17</b>                   | <b>3,096,739</b>                                |
| 30 Year Amortization  | 15                       | 2,640,233                                   | 10                          | 1,415,261                                       |
| 40 Year Amortization  | 2                        | 309,880                                     | 2                           | 293,999   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 8                        | 2,160,826                                   | 5                           | 1,387,480                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 2                        | 431,425                                     | 0                           | 0   |
| <b>2006 Series L</b>  | <b>830</b>               | <b>163,506,274</b>                          | <b>429</b>                  | <b>73,405,930</b>                               |
| 30 Year Amortization  | 394                      | 66,181,880                                  | 204                         | 27,089,141                                      |
| 40 Year Amortization  | 30                       | 6,183,813                                   | 14                          | 2,821,224                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 18                       | 4,176,236                                   | 8                           | 1,988,299                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 349                      | 77,701,468                                  | 179                         | 36,178,479                                      |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 39                       | 9,262,877                                   | 24                          | 5,328,788                                       |
| <b>2006 Series O</b>  | <b>49</b>                | <b>9,707,644</b>                            | <b>35</b>                   | <b>6,235,675</b>                                |
| 30 Year Amortization  | 20                       | 3,324,174                                   | 15                          | 1,871,382                                       |
| 40 Year Amortization  | 1                        | 113,700                                     | 1                           | 98,982  |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 2                        | 404,900                                     | 1                           | 231,024   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 24                       | 5,246,273                                   | 17                          | 3,782,441                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 2                        | 618,597                                     | 1                           | 251,845   |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2006 Series P<sup>(1)</sup></b>  | <b>425</b>               | <b>84,666,902</b>                           | <b>221</b>                  | <b>38,675,369</b>                               |
| 30 Year Amortization  | 173                      | 28,562,825                                  | 98                          | 12,601,786                                      |
| 40 Year Amortization  | 25                       | 4,931,957                                   | 11                          | 2,012,487                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 10                       | 2,230,882                                   | 7                           | 1,446,017                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 181                      | 40,293,567                                  | 92                          | 19,302,097                                      |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 36                       | 8,647,671                                   | 13                          | 3,312,982                                       |
| <b>2006 Series S<sup>(1)</sup></b>  | <b>129</b>               | <b>24,465,406</b>                           | <b>65</b>                   | <b>11,204,176</b>                               |
| 30 Year Amortization  | 67                       | 11,629,405                                  | 30                          | 4,571,777                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 3                        | 469,370                                     | 1                           | 117,096   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 52                       | 10,940,533                                  | 31                          | 5,983,927                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 7                        | 1,426,098                                   | 3                           | 531,376   |
| <b>2007 Series A<sup>(1)</sup></b>  | <b>1,279</b>             | <b>268,525,836</b>                          | <b>675</b>                  | <b>127,360,138</b>                              |
| 30 Year Amortization  | 419                      | 75,340,411                                  | 182                         | 22,848,341                                      |
| 40 Year Amortization  | 85                       | 16,594,794                                  | 47                          | 8,625,372                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 61                       | 14,118,147                                  | 23                          | 5,204,188                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 553                      | 123,789,714                                 | 334                         | 70,501,391                                      |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 161                      | 38,682,770                                  | 89                          | 20,180,846                                      |
| <b>2007 Series B<sup>(1)</sup></b>  | <b>131</b>               | <b>29,434,166</b>                           | <b>70</b>                   | <b>12,447,173</b>                               |
| 30 Year Amortization  | 59                       | 13,822,476                                  | 39                          | 5,839,901                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 8                        | 1,645,563                                   | 4                           | 603,498   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 51                       | 11,234,588                                  | 23                          | 4,825,720                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 13                       | 2,731,539                                   | 4                           | 1,178,054                                       |
| <b>2007 Series C<sup>(1)</sup></b>  | <b>253</b>               | <b>52,296,352</b>                           | <b>108</b>                  | <b>19,046,034</b>                               |
| 30 Year Amortization  | 140                      | 26,730,117                                  | 70                          | 11,011,464                                      |
| 40 Year Amortization  | 25                       | 5,567,323                                   | 37                          | 7,730,102                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 9                        | 2,144,917                                   | 1                           | 304,468   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 56                       | 12,295,079                                  | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 23                       | 5,558,916                                   | 0                           | 0   |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2007 Series D<sup>(1)</sup></b>  | <b>831</b>               | <b>171,078,368</b>                          | <b>370</b>                  | <b>67,683,416</b>                               |
| 30 Year Amortization  | 385                      | 70,834,724                                  | 178                         | 27,413,429                                      |
| 40 Year Amortization  | 87                       | 17,989,708                                  | 42                          | 8,578,341                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 32                       | 7,597,196                                   | 14                          | 2,875,746                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 229                      | 51,057,135                                  | 96                          | 19,772,443                                      |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 98                       | 23,599,605                                  | 40                          | 9,043,457                                       |
| <b>2007 Series E<sup>(1)</sup></b>  | <b>97</b>                | <b>19,797,173</b>                           | <b>113</b>                  | <b>20,352,243</b>                               |
| 30 Year Amortization  | 78                       | 15,945,923                                  | 104                         | 18,576,695                                      |
| 40 Year Amortization  | 7                        | 1,569,257                                   | 6                           | 1,215,550                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 7                        | 1,257,462                                   | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 2                        | 394,081                                     | 1                           | 203,142   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 3                        | 630,450                                     | 2                           | 356,856   |
| <b>2007 Series F<sup>(1)</sup></b>  | <b>279</b>               | <b>50,393,138</b>                           | <b>174</b>                  | <b>27,417,998</b>                               |
| 30 Year Amortization  | 165                      | 25,784,471                                  | 116                         | 15,003,705                                      |
| 40 Year Amortization  | 19                       | 4,336,168                                   | 8                           | 1,790,575                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 5                        | 1,307,084                                   | 1                           | 597,856   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 65                       | 13,496,240                                  | 36                          | 7,270,420                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 25                       | 5,469,175                                   | 13                          | 2,755,442                                       |
| <b>2007 Series G</b>  | <b>295</b>               | <b>58,957,023</b>                           | <b>128</b>                  | <b>22,557,022</b>                               |
| 30 Year Amortization  | 112                      | 20,220,650                                  | 51                          | 7,687,782                                       |
| 40 Year Amortization  | 37                       | 6,515,461                                   | 18                          | 2,895,073                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 14                       | 2,870,173                                   | 3                           | 601,825   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 81                       | 16,974,649                                  | 30                          | 5,802,076                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 51                       | 12,376,090                                  | 26                          | 5,570,266                                       |
| <b>2007 Series H<sup>(1)</sup></b>  | <b>306</b>               | <b>60,893,787</b>                           | <b>140</b>                  | <b>24,012,274</b>                               |
| 30 Year Amortization  | 200                      | 37,618,993                                  | 97                          | 14,910,862                                      |
| 40 Year Amortization  | 32                       | 6,966,120                                   | 16                          | 3,300,457                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 5                        | 948,782                                     | 1                           | 150,843   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 47                       | 10,498,406                                  | 19                          | 3,795,775                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 22                       | 4,861,486                                   | 7                           | 1,854,337                                       |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2007 Series I<sup>(1)</sup></b>  | <b>295</b>               | <b>60,300,580</b>                           | <b>149</b>                  | <b>26,984,073</b>                               |
| 30 Year Amortization  | 173                      | 33,234,376                                  | 87                          | 14,389,740                                      |
| 40 Year Amortization  | 58                       | 12,075,448                                  | 32                          | 6,281,162                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 70,859                                      | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 32                       | 7,016,015                                   | 19                          | 3,742,167                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 31                       | 7,903,882                                   | 11                          | 2,571,004                                       |
| <b>2007 Series J<sup>(1)</sup></b>  | <b>326</b>               | <b>60,890,080</b>                           | <b>186</b>                  | <b>29,939,951</b>                               |
| 30 Year Amortization  | 242                      | 43,647,795                                  | 136                         | 20,632,986                                      |
| 40 Year Amortization  | 29                       | 5,562,430                                   | 21                          | 3,662,148                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 3                        | 627,905                                     | 2                           | 403,694   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 29                       | 5,994,418                                   | 19                          | 3,799,393                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 23                       | 5,057,532                                   | 8                           | 1,441,730                                       |
| <b>2007 Series K<sup>(1)</sup></b>  | <b>154</b>               | <b>26,948,323</b>                           | <b>82</b>                   | <b>11,970,627</b>                               |
| 30 Year Amortization  | 134                      | 22,316,254                                  | 69                          | 9,381,362                                       |
| 40 Year Amortization  | 18                       | 4,132,069                                   | 13                          | 2,589,265                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 2                        | 500,000                                     | 0                           | 0   |
| <b>2007 Series M<sup>(1)</sup></b>  | <b>151</b>               | <b>29,359,952</b>                           | <b>82</b>                   | <b>13,258,474</b>                               |
| 30 Year Amortization  | 148                      | 28,793,369                                  | 80                          | 12,838,571                                      |
| 40 Year Amortization  | 3                        | 566,583                                     | 2                           | 419,903   |
| <b>2008 Series A</b>  | <b>253</b>               | <b>46,137,376</b>                           | <b>114</b>                  | <b>18,579,712</b>                               |
| 30 Year Amortization  | 226                      | 40,088,797                                  | 101                         | 15,628,865                                      |
| 40 Year Amortization  | 24                       | 5,387,614                                   | 12                          | 2,650,478                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 3                        | 660,965                                     | 1                           | 300,370   |
| <b>2008 Series B</b>  | <b>101</b>               | <b>19,088,644</b>                           | <b>52</b>                   | <b>8,351,977</b>                                |
| 30 Year Amortization  | 81                       | 14,989,140                                  | 39                          | 5,924,433                                       |
| 40 Year Amortization  | 19                       | 3,850,093                                   | 12                          | 2,178,133                                       |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 1                        | 249,411                                     | 1                           | 249,411   |
| <b>2008 Series C</b>  | <b>413</b>               | <b>77,360,548</b>                           | <b>226</b>                  | <b>36,063,270</b>                               |
| 30 Year Amortization  | 373                      | 68,165,747                                  | 200                         | 30,479,061                                      |
| 40 Year Amortization  | 37                       | 8,568,683                                   | 24                          | 5,153,085                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 1                        | 189,150                                     | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | 2                        | 436,968                                     | 2                           | 431,124   |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>2008 Series D</b>  | <b>228</b>               | <b>40,133,201</b>                           | <b>118</b>                  | <b>17,623,920</b>                               |
| 30 Year Amortization  | 210                      | 36,339,181                                  | 108                         | 15,526,271                                      |
| 40 Year Amortization  | 17                       | 3,527,310                                   | 9                           | 1,835,701                                       |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 1                        | 266,710                                     | 1                           | 261,947   |
| <b>2008 Series E</b>  | <b>134</b>               | <b>20,769,246</b>                           | <b>87</b>                   | <b>11,471,307</b>                               |
| 30 Year Amortization  | 127                      | 19,331,984                                  | 82                          | 10,471,944                                      |
| 40 Year Amortization  | 7                        | 1,437,262                                   | 5                           | 999,363   |
| <b>2008 Series F</b>  | <b>110</b>               | <b>18,038,489</b>                           | <b>82</b>                   | <b>11,367,238</b>                               |
| 30 Year Amortization  | 110                      | 18,038,489                                  | 82                          | 11,367,238                                      |
| <b>2009 Series A</b>  | <b>211</b>               | <b>32,839,040</b>                           | <b>163</b>                  | <b>22,579,072</b>                               |
| 30 Year Amortization  | 211                      | 32,839,040                                  | 163                         | 22,579,072                                      |
| <b>2009 Series B</b>  | <b>246</b>               | <b>34,306,291</b>                           | <b>190</b>                  | <b>22,966,564</b>                               |
| 30 Year Amortization  | 246                      | 34,306,291                                  | 190                         | 22,966,564                                      |
| <b>2009 Series C</b>  | <b>53</b>                | <b>8,022,263</b>                            | <b>44</b>                   | <b>5,931,721</b>                                |
| 30 Year Amortization  | 53                       | 8,022,263                                   | 44                          | 5,931,721                                       |
| <b>2010 Series A</b>  | <b>556</b>               | <b>44,592,298</b>                           | <b>290</b>                  | <b>11,536,059</b>                               |
| 30 Year Amortization  | 556                      | 44,592,298                                  | 290                         | 11,536,059                                      |
| <b>2010 Series B <sup>(5)</sup></b>                                       | <b>199</b>               | <b>23,401,598</b>                           | <b>152</b>                  | <b>13,621,960</b>                               |
| 30 Year Amortization  | 199                      | 23,401,598                                  | 152                         | 13,621,960                                      |
| <b>Collateral Reserve (A) <sup>(3)</sup></b>                              | <b>106</b>               | <b>8,764,712</b>                            | <b>47</b>                   | <b>2,177,466</b>                                |
| 30 Year Amortization  | 106                      | 8,764,712                                   | 47                          | 2,177,466                                       |
| <b>2011 Series AB</b>   | <b>615</b>               | <b>104,156,389</b>                          | <b>561</b>                  | <b>86,015,157</b>                               |
| 30 Year Amortization  | 615                      | 104,156,389                                 | 561                         | 86,015,157                                      |
| <b>2012 Series AB</b>   | <b>1,565</b>             | <b>147,274,967</b>                          | <b>530</b>                  | <b>32,360,034</b>                               |
| 30 Year Amortization  | 1,565                    | 147,274,967                                 | 530                         | 32,360,034                                      |
| <b>2014 Series AB</b>   | <b>408</b>               | <b>44,867,716</b>                           | <b>365</b>                  | <b>30,291,148</b>                               |
| 30 Year Amortization  | 408                      | 44,867,716                                  | 365                         | 30,291,148                                      |
| <b>2014 Series CD</b>   | <b>2,181</b>             | <b>203,547,636</b>                          | <b>407</b>                  | <b>30,918,827</b>                               |
| 30 Year Amortization  | 2,181                    | 203,547,636                                 | 407                         | 30,918,827                                      |
| <b>2014 Series E</b>  | <b>560</b>               | <b>66,319,601</b>                           | <b>513</b>                  | <b>48,622,739</b>                               |
| 30 Year Amortization  | 560                      | 66,319,601                                  | 513                         | 48,622,739                                      |
| <b>Collateral Reserve (C) <sup>(3)</sup></b>                              | <b>3,989</b>             | <b>262,277,048</b>                          | <b>2,111</b>                | <b>51,588,725</b>                               |
| 30 Year Amortization  | 3,988                    | 261,917,048                                 | 2,110                       | 51,238,410                                      |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 1                        | 360,000                                     | 1                           | 350,315   |

| Sources of Funds  | Original Number of Loans | Original Principal Amount \$ <sup>(2)</sup> | Number of Outstanding Loans | Outstanding Principal Balance \$ <sup>(2)</sup> |
|---|--------------------------|---|-----------------------------|---|
| <b>CDA Assurance</b>  | <b>7</b>                 | <b>995,915</b>                              | <b>7</b>                    | <b>930,124</b>                                  |
| 30 Year Amortization  | 7                        | 995,915                                     | 7                           | 930,124   |
| <b>Refinance Loans</b>  | <b>118</b>               | <b>25,218,197</b>                           | <b>118</b>                  | <b>25,041,921</b>                               |
| 30 Year Amortization  | 118                      | 25,218,197                                  | 118                         | 25,041,921                                      |
| <b>Refinance Loans <sup>(4)</sup></b>                                     | <b>75</b>                | <b>19,264,352</b>                           | <b>34</b>                   | <b>7,740,299</b>                                |
| 30 Year Amortization  | 20                       | 4,102,184                                   | 10                          | 1,527,263                                       |
| 40 Year Amortization  | 45                       | 12,246,571                                  | 22                          | 5,628,816                                       |
| 30 Year with First 7 Years Interest Only Followed by 23 Year Amortization | 1                        | 225,000                                     | 0                           | 0   |
| 35 Year with First 5 Years Interest Only Followed by 30 Year Amortization | 3                        | 729,400                                     | 0                           | 0   |
| 40 Year with First 7 Years Interest Only Followed by 33 Year Amortization | <u>6</u>                 | <u>1,961,197</u>                            | <u>2</u>                    | <u>584,219</u>                                  |
| <b>Total All Series <sup>(2)</sup></b>                                    | <b><u>26,502</u></b>     | <b><u>3,426,538,263</u></b>                 | <b><u>11,253</u></b>        | <b><u>1,275,310,157</u></b>                     |

**Notes:**

- (1) Loans under this bond series include participation interests purchased with this series bond proceeds. For more information about participation loans see Participations in Mortgage Loans section on page B-1 and Residential Revenue Bond Program Loan by Bond Series and Interest Rate in Appendix K.
- (2) Individual amounts may not add up to the total amount because of rounding. The total number of loans for all series is adjusted to prevent double counting of participation loans financed from multiple bond series under the Bond Resolution. (For detail on participation loans see Footnote (5) of Appendix K).
- (3) The Collateral Reserve Fund is a fund established under the Bond Resolution at the time the 1997 Series A Bonds and the 1997 Series B Bonds were issued. Collateral Reserves (A) and (C) are additional accounts under the Collateral Reserve Fund.
- (4) These loans are currently held in the warehouse loan fund and will be purchased into a taxable series of bonds.
- (5) One hundred and ninety-nine active loans from 2004-C and 2005-C were refunded into 2010-B on December 16, 2010. Original loan amounts shown in 2004-C and 2005-C were paid down previous to this refunding.

## APPENDIX M

### RESIDENTIAL REVENUE BOND PROGRAM PREPAYMENT SPEED OF MORTGAGE LOAN PORTFOLIO BY BOND ISSUANCE

Prepayments on mortgage loans are commonly measured relative to a prepayment standard model. The Securities Industry and Financial Markets Association (formerly the Public Securities Association) standard prepayment model (commonly referred to as the “SIFMA Prepayment Model” or “SIFMA”) represents an assumed monthly rate of prepayment of the then outstanding principal balance of a pool of new mortgage loans. SIFMA does not purport to be either an historic description of the prepayment experience of any pool of mortgage loans or a prediction of the anticipated rate of prepayment of any pool of mortgage loans. One hundred percent (100%) SIFMA assumes prepayment rates of 0.2 percent per year of the then-unpaid principal balance of such mortgage loans in the first months of the life of the mortgage loans and an additional 0.2 percent per year in each month thereafter (for example, 0.4 percent per year in the second month) until the 30th month. Beginning in the 30th month and in each month thereafter during the life of the mortgage loans, 100% PSA assumes a constant prepayment rate of six percent per year. Multiples of SIFMA are calculated from this prepayment rate series. For example, 200% PSA assumes prepayment rates will be 0.4 percent per year in month one, 0.8 percent per year in month two, reaching 12% per year in month 30 and remaining constant at 12% per year thereafter. The following Average Prepayment Speed tables express the prepayment speed of mortgage loans of the Administration’s Residential Revenue Bonds as a percent of SIFMA based on actual prepayments and assuming all mortgage loans were originated in the month when the greatest number of mortgage loans was originated.

**The Average Prepayment Speed tables provide historic SIFMA prepayment speeds. The Administration makes no representation as to the percentage of the principal balance of the loans that will be prepaid as of any date or as to the overall rate of prepayment of such mortgage loans. The Administration makes no representation as to the speed with which any series of Bonds will be redeemed with prepayments.**

For information on cross-call practices, see the Administration’s official statements for its Residential Revenue Bonds published from time to time (the most recent of which is dated September 10, 2014, and relates to the Administration’s Residential Revenue Bonds, 2014 Series CDEF). For additional information please refer to the website, [www.dhcd.state.md.us](http://www.dhcd.state.md.us) and click CDA Bonds – Investor Information. In the section labeled EMMA Filings, the Administration has provided additional information on its cross-calling practices and the sources for the redemption of bonds in “Other Informational Filings”. Furthermore, the recent and historical quarterly NRMSIR filings include a Ten Year Rule table, a schedule of debt outstanding with the effective yields of bonds, and the mortgage loan portfolio detail by bond series and interest rate.

**AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF SIFMA <sup>(1)</sup>**

| Bond Series                          | 1997 A & B | 1998 A & B | 1999 E & F | 1999 H | 2000 A & B | 2000 C & D | 2000 F & G | 2000 H | 2001 E & F | 2002 A | 2004 A, B & C | 2004 G, H & I | 2005 A, B & C | 2005 D & E |
|--------------------------------------|------------|------------|------------|--------|------------|------------|------------|--------|------------|--------|---------------|---------------|---------------|------------|
| Original WAC <sup>(2)</sup>          | 5.85%      | 5.94%      | 6.72%      | 6.83%  | 6.59%      | 6.86%      | 6.10%      | 6.78%  | 5.74%      | 5.06%  | 4.93%         | 5.36%         | 5.32%         | 5.41%      |
| 6-month period ending <sup>(3)</sup> |            |            |            |        |            |            |            |        |            |        |               |               |               |            |
| Dec-98                               | 44%        |            |            |        |            |            |            |        |            |        |               |               |               |            |
| Jun-99                               | 38%        | 18%        |            |        |            |            |            |        |            |        |               |               |               |            |
| Dec-99                               | 14%        | 16%        |            |        |            |            |            |        |            |        |               |               |               |            |
| Jun-00                               | 22%        | 49%        | 18%        |        |            |            |            |        |            |        |               |               |               |            |
| Dec-00                               | 42%        | 19%        | 26%        | 37%    |            |            |            |        |            |        |               |               |               |            |
| Jun-01                               | 69%        | 62%        | 35%        | 32%    |            |            | 26%        | 185%   |            |        |               |               |               |            |
| Dec-01                               | 94%        | 100%       | 165%       | 266%   | 150%       | 260%       | 89%        | 338%   |            |        |               |               |               |            |
| Jun-02                               | 135%       | 93%        | 106%       | 191%   | 158%       | 192%       | 54%        | 277%   | 18%        |        |               |               |               |            |
| Dec-02                               | 171%       | 192%       | 414%       | 535%   | 390%       | 548%       | 380%       | 379%   | 35%        |        |               |               |               |            |
| Jun-03                               | 312%       | 256%       | 640%       | 666%   | 509%       | 663%       | 443%       | 675%   | 199%       |        |               |               |               |            |
| Dec-03                               | 516%       | 436%       | 808%       | 806%   | 615%       | 759%       | 540%       | 783%   | 397%       |        |               |               |               |            |
| Jun-04                               | 422%       | 444%       | 579%       | 593%   | 508%       | 601%       | 430%       | 623%   | 346%       |        |               |               |               |            |
| Dec-04                               | 403%       | 472%       | 652%       | 638%   | 572%       | 682%       | 455%       | 715%   | 562%       | 590%   | 148%          |               |               |            |
| Jun-05                               | 514%       | 446%       | 521%       | 608%   | 550%       | 564%       | 472%       | 775%   | 456%       |        |               | 204%          | 293%          |            |
| Dec-05                               | 489%       | 577%       | 772%       | 907%   | 618%       | 643%       | 544%       | 627%   | 531%       | 448%   | 301%          | 484%          | 107%          |            |
| Jun-06                               | 376%       | 432%       | 474%       | 501%   | 752%       | 516%       | 337%       | 398%   | 409%       | 391%   | 359%          | 262%          | 271%          | 127%       |
| Dec-06                               | 392%       | 344%       | 358%       | 395%   | 492%       | 510%       | 349%       | 501%   | 340%       | 291%   | 292%          | 293%          | 293%          | 148%       |
| Jun-07                               | 201%       | 329%       | 256%       | 207%   | 350%       | 393%       | 318%       | 451%   | 350%       | 445%   | 220%          | 318%          | 182%          | 80%        |
| Dec-07                               | 189%       | 186%       | 306%       | 208%   | 195%       | 235%       | 261%       | 239%   | 182%       | 1024%  | 158%          | 274%          | 148%          | 106%       |
| Jun-08                               | 189%       | 136%       | 170%       | 316%   | 108%       | 194%       | 309%       | 124%   | 141%       | 455%   | 120%          | 154%          | 53%           | 19%        |
| Dec-08                               | 68%        | 72%        | 223%       | 112%   | 190%       | 118%       | 215%       | 160%   | 155%       | 505%   | 134%          | 141%          | 36%           | 28%        |
| Jun-09                               | 112%       | 261%       | 192%       | 211%   | 333%       | 109%       | 149%       | 148%   | 222%       | 901%   | 179%          | 147%          | 93%           | 11%        |
| Dec-09                               | 116%       | 181%       | 249%       | 293%   | 83%        | 240%       | 131%       | 182%   | 137%       | 1024%  | 118%          | 177%          | 61%           | 39%        |
| Jun-10                               | 120%       | 109%       | 107%       | 110%   | 59%        | 164%       | 133%       | 77%    | 129%       | 918%   | 172%          | 64%           | 78%           | 74%        |
| Dec-10                               | 112%       | 120%       | 149%       | 110%   | 49%        | 87%        | 115%       | 99%    | 168%       | 218%   | 67%           | 63%           | 78%           | 53%        |
| Jun-11                               | 143%       | 93%        | 165%       | 42%    | 137%       | 92%        | 171%       | 180%   | 193%       | 357%   | 150%          | 84%           | 54%           | 76%        |
| Dec-11                               | 74%        | 195%       | 260%       | 0%     | 188%       | 309%       | 225%       | 181%   | 122%       | 991%   | 74%           | 84%           | 57%           | 30%        |
| Jun-12                               | 104%       | 94%        | 151%       | 73%    | 113%       | 109%       | 75%        | 90%    | 88%        | 161%   | 228%          | 32%           | 74%           | 71%        |
| Dec-12                               | 10%        | 62%        | 220%       | 0%     | 0%         | 39%        | 390%       | 147%   | 165%       | 1529%  | 80%           | 115%          | 67%           | 170%       |
| Jun-13                               | 66%        | 66%        | 59%        | 37%    | 215%       | 174%       | 107%       | 154%   | 82%        | 820%   | 74%           | 109%          | 58%           | 147%       |
| Dec-13                               | 62%        | 130%       | 62%        | 69%    | 91%        | 181%       | 94%        | 0%     | 104%       | 1371%  | 47%           | 192%          | 41%           | 141%       |
| Jun-14                               | 46%        | 75%        | 108%       | 52%    | 16%        | 79%        | 30%        | 0%     | 41%        | 502%   | 17%           | 135%          | 53%           | 44%        |
| Dec-14                               | 59%        | 99%        | 125%       | 0%     | 727%       | 24%        | 129%       | 73%    | 28%        | 502%   | 52%           | 142%          | 129%          | 83%        |
| Jun-15                               | 102%       | 85%        | 44%        | 0%     | 157%       | 339%       | 17%        | 0%     | 130%       | 787%   | 26%           | 43%           | 42%           | 0%         |
| WAC at 6/30/2015 <sup>(4)</sup>      | 5.32%      | 5.84%      | 6.47%      | 6.45%  | 6.11%      | 6.36%      | 5.91%      | 6.03%  | 5.50%      | 5.62%  | 4.90%         | 5.32%         | 5.28%         | 5.34%      |

**Notes:**

(1) The above table expresses the prepayment speed of mortgage loans of CDA's Residential Revenue Bonds assuming all mortgage loans were originated in the month when the greatest number of mortgage loans were originated. Prepayment speeds are expressed as percentages of the SIFMA standard model. The table only includes bond issues in which more than 90% of lendable proceeds have been used to originate mortgage loans.

(2) Weighted Average Coupon Rate (WAC) as stated is calculated based on the original mortgage loan interest rates at the time of loan purchase

(3) Prepayment rates as listed are average prepayment rates over each 6-month period.

(4) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of June 30, 2015.

## AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF SIFMA (1)

### AVERAGE PRE

| Bond Series                          | <u>2006 A &amp; B</u> | <u>2006 E, F &amp; G</u> | <u>2006 H, I &amp; J</u> | <u>2006 K &amp; L</u> | <u>2006 O, &amp; P</u> | <u>2006 S</u> | <u>2007 A</u> | <u>2007 C &amp; D</u> | <u>2007 E &amp; F</u> |
|--------------------------------------|-----------------------|--------------------------|--------------------------|-----------------------|------------------------|---------------|---------------|-----------------------|-----------------------|
| Original WAC <sup>(2)</sup>          | 5.33%                 | 5.37%                    | 5.23%                    | 5.86%                 | 5.72%                  | 6.25%         | 5.99%         | 6.56%                 | 6.36%                 |
| 6-month period ending <sup>(3)</sup> |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-98                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-99                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-99                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-00                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-00                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-01                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-01                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-02                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-02                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-03                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-03                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-04                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-04                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-05                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-05                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Jun-06                               |                       |                          |                          |                       |                        |               |               |                       |                       |
| Dec-06                               | 354%                  | 51%                      | 29%                      |                       |                        |               |               |                       |                       |
| Jun-07                               | 101%                  | 57%                      | 28%                      | 95%                   | 48%                    |               |               |                       |                       |
| Dec-07                               | 165%                  | 144%                     | 25%                      | 84%                   | 108%                   | 154%          | 27%           |                       | 101%                  |
| Jun-08                               | 70%                   | 48%                      | 9%                       | 77%                   | 82%                    | 249%          | 49%           | 6%                    | 53%                   |
| Dec-08                               | 107%                  | 55%                      | 11%                      | 27%                   | 38%                    | 28%           | 43%           | 16%                   | 6%                    |
| Jun-09                               | 57%                   | 116%                     | 23%                      | 90%                   | 41%                    | 121%          | 142%          | 30%                   | 180%                  |
| Dec-09                               | 138%                  | 89%                      | 24%                      | 131%                  | 150%                   | 149%          | 132%          | 32%                   | 95%                   |
| Jun-10                               | 53%                   | 109%                     | 18%                      | 144%                  | 132%                   | 141%          | 160%          | 25%                   | 103%                  |
| Dec-10                               | 88%                   | 96%                      | 6%                       | 162%                  | 105%                   | 156%          | 98%           | 37%                   | 116%                  |
| Jun-11                               | 112%                  | 10%                      | 9%                       | 148%                  | 131%                   | 105%          | 137%          | 33%                   | 195%                  |
| Dec-11                               | 47%                   | 267%                     | 87%                      | 18%                   | 351%                   | 87%           | 10%           | 60%                   | 77%                   |
| Jun-12                               | 94%                   | 200%                     | 59%                      | 92%                   | 361%                   | 99%           | 13%           | 67%                   | 138%                  |
| Dec-12                               | 151%                  | 364%                     | 73%                      | 4%                    | 668%                   | 73%           | 10%           | 436%                  | 95%                   |
| Jun-13                               | 297%                  | 333%                     | 273%                     | 252%                  | 214%                   | 153%          | 236%          | 54%                   | 155%                  |
| Dec-13                               | 140%                  | 199%                     | 274%                     | 133%                  | 182%                   | 108%          | 190%          | 72%                   | 252%                  |
| Jun-14                               | 112%                  | 409%                     | 111%                     | 17%                   | 489%                   | 31%           | 183%          | 51%                   | 215%                  |
| Dec-14                               | 216%                  | 210%                     | 250%                     | 131%                  | 156%                   | 222%          | 194%          | 75%                   | 184%                  |
| Jun-15                               | 68%                   | 197%                     | 182%                     | 129%                  | 151%                   | 419%          | 191%          | 93%                   | 166%                  |
| WAC at 6/30/2015 <sup>(4)</sup>      | 5.16%                 | 5.34%                    | 5.76%                    | 5.77%                 | 5.76%                  | 6.25%         | 5.89%         | 6.38%                 | 6.28%                 |

- Notes:**
- (1) The above table expresses the prepayment speed of mortgage loans of CDA's Residential Revenue Bonds assuming all mortgage loans were originated in the month when the greatest number of mortgage loans were originated. Prepayment speeds are expressed as percentages of the SIFMA standard model. The table only includes bond issues in which more than 90% of lendable proceeds have been used to originate mortgage loans.
  - (2) Weighted Average Coupon Rate (WAC) as stated is calculated based on the original mortgage loan interest rates at the time of loan purchase
  - (3) Prepayment rates as listed are average prepayment rates over each 6-month period.
  - (4) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of June 30, 2015.

**AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF SIFMA (1)**

**AVERAGE PRE**

| Bond Series               | <u>2007 G &amp; H</u> | <u>2007 I &amp; J</u> | <u>2007 K &amp; L</u> | <u>2007 M</u> | <u>2008 A</u> | <u>2008 B,C,D</u> | <u>2008 E&amp;F</u> | <u>2009 A</u> | <u>2009 B</u> | <u>2009 C</u> | <u>2010 A&amp;B</u> | <u>2011 A&amp;B</u> | <u>2012 A&amp;B</u> | <u>2014 A&amp;B</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|---------------|---------------|-------------------|---------------------|---------------|---------------|---------------|---------------------|---------------------|---------------------|---------------------|
| Original WAC (2)          | 6.75%                 | 6.32%                 | 6.04%                 | 5.88%         | 6.24%         | 6.16%             | 6.44%               | 5.73%         | 5.79%         | 5.22%         | 7.57%               | 5.22%               | 5.87%               | 4.97%               |
| 6-month period ending (3) |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-98                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-99                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-99                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-00                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-00                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-01                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-01                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-02                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-02                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-03                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-03                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-04                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-04                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-05                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-05                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-06                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-06                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-07                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-07                    |                       |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-08                    | 10%                   |                       |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Dec-08                    | 15%                   | 41%                   |                       |               |               |                   |                     |               |               |               |                     |                     |                     |                     |
| Jun-09                    | 53%                   | 167%                  | 67%                   | 444%          | 853%          | 1007%             | 306%                |               |               |               |                     |                     |                     |                     |
| Dec-09                    | 71%                   | 184%                  | 139%                  | 117%          | 468%          | 383%              | 92%                 | 49%           |               |               |                     |                     |                     |                     |
| Jun-10                    | 85%                   | 130%                  | 104%                  | 139%          | 76%           | 145%              | 77%                 | 45%           |               |               |                     |                     |                     |                     |
| Dec-10                    | 74%                   | 77%                   | 89%                   | 118%          | 249%          | 193%              | 69%                 | 40%           | 96%           |               | 19%                 |                     |                     |                     |
| Jun-11                    | 101%                  | 65%                   | 117%                  | 163%          | 106%          | 142%              | 90%                 | 37%           | 27%           |               | 12%                 |                     |                     |                     |
| Dec-11                    | 13%                   | 81%                   | 201%                  | 72%           | 22%           | 81%               | 72%                 | 8%            | 0%            | 0%            | 41%                 |                     |                     |                     |
| Jun-12                    | 12%                   | 102%                  | 212%                  | 68%           | 64%           | 85%               | 91%                 | 26%           | 5%            | 36%           | 60%                 | 9%                  |                     |                     |
| Dec-12                    | 19%                   | 118%                  | 468%                  | 226%          | 54%           | 269%              | 112%                | 85%           | 0%            | 76%           | 78%                 | 15%                 |                     |                     |
| Jun-13                    | 57%                   | 179%                  | 225%                  | 217%          | 261%          | 188%              | 154%                | 103%          | 94%           | 36%           | 67%                 | 64%                 |                     |                     |
| Dec-13                    | 70%                   | 195%                  | 305%                  | 233%          | 194%          | 168%              | 227%                | 68%           | 91%           | 0%            | 42%                 | 0%                  |                     |                     |
| Jun-14                    | 100%                  | 183%                  | 138%                  | 194%          | 170%          | 288%              | 173%                | 53%           | 72%           | 209%          | 58%                 | 156%                | 0%                  | 1288%               |
| Dec-14                    | 97%                   | 282%                  | 262%                  | 218%          | 222%          | 144%              | 93%                 | 136%          | 96%           | 60%           | 62%                 | 49%                 | 36%                 | 126%                |
| Jun-15                    | 58%                   | 242%                  | 217%                  | 0%            | 282%          | 218%              | 139%                | 80%           | 153%          | 0%            | 31%                 | 125%                | 33%                 | 145%                |
| WAC at 6/30/2015(4)       | 6.42%                 | 6.25%                 | 5.92%                 | 5.87%         | 6.15%         | 6.12%             | 5.84%               | 5.70%         | 5.70%         | 4.99%         | 5.59%               | 4.99%               | 4.19%               | 4.98%               |

- Notes:**
- (1) The above table expresses the prepayment speed of mortgage loans of CDA's Residential Revenue Bonds assuming all mortgage loans were originated in the month when the greatest number of mortgage loans were originated. Prepayment speeds are expressed as percentages of the SIFMA standard model. The table only includes bond issues in which more than 90% of lendable proceeds have been used to originate mortgage loans.
  - (2) Weighted Average Coupon Rate (WAC) as stated is calculated based on the original mortgage loan interest rates at the time of loan purchase
  - (3) Prepayment rates as listed are average prepayment rates over each 6-month period.
  - (4) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of June 30, 2015.

**AVERAGE PRE**

| Bond Series                          | <u>2014 C&amp;D</u> | <u>2014 E</u> | <u>2014 F</u> |
|--------------------------------------|---------------------|---------------|---------------|
| Original WAC <sup>(2)</sup>          | 5.52%               | 5.25%         | 4.88%         |
| 6-month period ending <sup>(3)</sup> |                     |               |               |
| Dec-98                               |                     |               |               |
| Jun-99                               |                     |               |               |
| Dec-99                               |                     |               |               |
| Jun-00                               |                     |               |               |
| Dec-00                               |                     |               |               |
| Jun-01                               |                     |               |               |
| Dec-01                               |                     |               |               |
| Jun-02                               |                     |               |               |
| Dec-02                               |                     |               |               |
| Jun-03                               |                     |               |               |
| Dec-03                               |                     |               |               |
| Jun-04                               |                     |               |               |
| Dec-04                               |                     |               |               |
| Jun-05                               |                     |               |               |
| Dec-05                               |                     |               |               |
| Jun-06                               |                     |               |               |
| Dec-06                               |                     |               |               |
| Jun-07                               |                     |               |               |
| Dec-07                               |                     |               |               |
| Jun-08                               |                     |               |               |
| Dec-08                               |                     |               |               |
| Jun-09                               |                     |               |               |
| Dec-09                               |                     |               |               |
| Jun-10                               |                     |               |               |
| Dec-10                               |                     |               |               |
| Jun-11                               |                     |               |               |
| Dec-11                               |                     |               |               |
| Jun-12                               |                     |               |               |
| Dec-12                               |                     |               |               |
| Jun-13                               |                     |               |               |
| Dec-13                               |                     |               |               |
| Jun-14                               |                     |               |               |
| Dec-14                               |                     |               |               |
| Jun-15                               | 0%                  | 0%            | 0%            |
| WAC at 6/30/2015 <sup>(4)</sup>      | 5.14%               | 5.25%         | 4.88%         |

- Notes:**
- (1) The above table expresses the prepayment speed of mortgage loans of CDA's Residential Revenue Bonds assuming all mortgage loans were originated in the month when the greatest number of mortgage loans were originated. Prepayment speeds are expressed as percentages of the SIFMA standard model. The table only includes bond issues in which more than 90% of lendable proceeds have been used to originate mortgage loans.
  - (2) Weighted Average Coupon Rate (WAC) as stated is calculated based on the original mortgage loan interest rates at the time of loan purchase
  - (3) Prepayment rates as listed are average prepayment rates over each 6-month period.
  - (4) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of June 30, 2015.