Community Development Administration

Maryland Department of Housing and Community Development
Housing Revenue Bonds

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

The following financial 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 the Report dated October 27, 2016 for the Administration's Housing Revenue Bond Program. Reference is made to the Administration's official statement with respect to its Housing Revenue Bonds (the "Bonds"), dated November 30, 2016 for its Housing Revenue Bonds, Series 2016A and is herein referred to as the "Official Statement", for definitions of terms used herein, additional information about the Administration, the Department and their programs and the annual financial information contained therein. The information included in this disclosure is current as of June 30, 2017.

In addition to the annual report provided pursuant to SEC Rule 15c2-12, the Administration currently provides quarterly updates to the annual Electronic Municipal Market Access ("EMMA") filing on a voluntary basis. The policy of voluntarily disseminating information is not a contractual obligation to anyone, and the Issuer may discontinue this practice at any time in its discretion without notice.

Questions concerning this release should be directed to Investor Relations at (301) 429-7898, or cdabonds_mailbox.dhcd@maryland.gov.

Financial Statements of the Administration and the Maryland Housing Fund

The financial statements for the fiscal years ending June 30, 2017 and June 30, 2016 of the Housing Revenue Bonds of the Administration (the "Fund") have been audited by CliftonLarsonAllen LLP, as described in the Independent Auditor's Report of CliftonLarsonAllen LLP, accompanying the financial statements in Appendix A 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 financial statements for the fiscal years ending June 30, 2017 and June 30, 2016 of the Maryland Housing Fund ("MHF") have been audited by CliftonLarsonAllen LLP, as described in the Independent Auditor's Report of CliftonLarsonAllen LLP, accompanying the financial statements in the Appendix E 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.

MHF is a unit of the Division of Credit Assurance of the Department. MHF does not insure the Bonds, and the assets of MHF are not available to the Administration or the Trustee to satisfy the obligations to the holders of the Bonds; however, MHF insures certain mortgage loans made from the proceeds of the Bonds and from other sources ("Mortgage Loans") and is obligated to pay mortgage insurance claims to the extent of its contractual undertakings therefore. Reference is made to Appendix E "Certain Information Relating to the Maryland Housing Fund" and the Official Statement for further information about MHF.

THE PROGRAM

Existing Portfolio

Under the Bond Resolution, as of June 30, 2017, the Administration had outstanding (1) fifty-two permanent Loans for fifty-one Rental Housing Developments (excluding Group Home Loans and Single Family Loans) which had a total outstanding principal balance of $252,880,359; (2) fifty-one Group Home Loans having an outstanding principal balance of $7,372,330; and (1) one Single Family Loan having an outstanding principal balance of $10,540.

The following table sets forth as of June 30, 2017 for each county of the State and Baltimore City, the number of Rental Housing Developments, units within such Rental Housing Developments, and, on an aggregate basis, the outstanding principal balance of Loans. This table excludes Single Family Loans and Group Home Loans.

Distribution of Rental Housing Developments as of June 30, 2017

County	Number of Developments	Number of Units	Units as a Percentage of	Current Loan Amount	Percent of Current Loan
Baltimore City	14	1,656	30.53%	57,687,580	22.81%
Baltimore County	5	652	12.02%	31,119,603	12.31%
Calvert County	2	115	2.12%	2,642,828	1.05%
Caroline County	1	88	1.62%	1,967,581	0.78%
Cecil County	3	176	3.24%	15,912,546	6.29%
Frederick County	1	59	1.09%	4,291,430	1.70%
Harford County	3	244	4.50%	11,757,128	4.65%
Howard County	7	759	13.99%	26,632,220	10.53%
Kent County	1	34	0.63%	1,942,070	0.77%
Montgomery County	3	335	6.18%	30,215,560	11.95%
Prince George's County	3	712	13.13%	48,106,013	19.02%
Somerset County	1	60	1.11%	2,311,681	0.91%
St. Mary's County	2	164	3.02%	7,943,973	3.14%
Talbot County	2	168	3.10%	5,483,345	2.17%
Wicomico County	2	102	1.88%	3,211,689	1.27%
Worcester County	1	100	1.84%	1,655,110	0.65%
Totals: [1]	51	5,424	100.00%	$252,880,359	100.00%

[1] Amount and percentages may not total exactly due to rounding.

Credit Enhancement of Rental Housing Loans

As of June 30, 2017 the Loans financing rental housing developments ("Rental Housing Loans") were insured or credit enhanced as follows:

Insurer or Guarantor		Number of Loans	Number of Units	Percentage of Total Units Insured	Outstanding Loan Amount (3)	Percent of Outstanding Loan Amount
FNMA		4	341	6.29%	9,079,435	3.59%
GNMA		8	1,329	24.50%	52,358,139	20.70%
MHF	(6)	6	443	8.17%	780,974	0.31%
RISK SHARE	(1)	31	3,083	56.84%	189,205,855	74.82%
UNINSURED	(5)	3	228	4.20%	1,455,956	0.58%
Totals:	(4)	52	5,424	100.00%	$252,880,359	100.00%

1 These loans are insured under the FHA Risk-Sharing Program. Under the program,upon payments of a claim by FHA, CDA w ould be responsible for reimbursement to FHA of 25-50% of the claim, depending on the risk-sharing level (Level I reflects a 50/50 share betw een FHA and the Administration; Level II reflects a 75/25 share betw een FHA and the Administration, w ith FHA assuming 75% and the Administration 25% of the potential loss). The Administration expects to receive a payment from MHF on the amount of any payment made to FHA. For more information on the FHA Risk-Sharing Program please refer to Appendix E. For more information on these Developments please refer to Appendix C. Sierra Woods Apartments is financed under one deed of trust note w ith 2 tranches: tranche A is insured under the FHA Risk-Sharing Program and subsidized under HUD's Section 8 program and tranche B is insured under the FHA Risk-Sharing Program and subsidized under HUD's Section 236 program. Tranche B matured on January 1, 2017.

2 N/A

3 The "Outstanding Loan Amount" represents unpaid, interest-bearing balance of a loan as of June 30, 2017.

4 Amounts and percentages may not total exactly due to rounding.

5 Hickory Ridge w as financed w ith tw o loans, one of w hich w as credit enhanced by GNMA and w as paid off on 03-15-2013.The other remaining loan is uninsured. Oak Grove w as financed w ith tw o loans and both loans are uninsured.

6 Units are included under "FHA Risk-Sharing Program."

Housing Subsidy Payments for Rental Housing Developments

As of June 30, 2017 the multi-family rental housing developments financed by Rental Housing Loans ("Developments") received federal housing subsidy payments under the USDA, Section 8 and Section 236 programs as follows:

Housing SubsidyProgram		Numbers of Developments	Number of Units	Subsidized Units	Percentage of Units Subsidized	Outstanding Loan Amount	Percent of Outstanding Loan Amount
None		25	2,256	0	0.00%	$105,383,742	41.67%
Section 8	(1)	15	1,962	1358	57.84%	$107,041,166	42.33%
Section 236		1	123	123	5.24%	$2,168,360	0.86%
Section 236, Section 8		3	551	549	23.38%	$19,636,208	7.76%
USDA		7	532	318	13.54%	$18,650,884	7.38%
TOTALS:	(2)	51	5,424	2,348	100.00%	$252,880,359	100.00%

1 In general, the subsidies for these Developments have terms that will expire prior to the maturity date of the corresponding Loan; however the terms are generally renewable under the terms of the applicable assistance documents subject to federal appropriations. In addition, several developments have Section 8 contacts covering less than 100% of the units.

2 Amounts and percentages may not total exactly due to rounding.

Single Family and Group Home Loans

In addition to the Rental Housing Loans described above, the Administration acquired or financed Loans with the proceeds of the Bonds for the following single family residences and various group housing facilities for special needs populations, including developmentally disabled individuals ("Group Homes"):

Type of Development	Number of Loans	Number of Units (1)	Type of Credit Enhancement	No. of Loans Credit Enhanced	Percent of Total Units Credit Enhanced	Outstanding Loan Amount As of 06/30/2017
Single Family Residences	1	1	MHF	1	100%	$ 10,540
Group Homes	51	167	MHF	51	100%	7,372,330
Total	52	168		52	100%	$ 7,382,870

Note:

(1) In the case of single family residences, "units" refers to number of residences; in the case of Group Homes, "units" refers to number of individuals served.

For more information on delinquencies, see Table C-3

Certain Fund Balances of the Administration

During fiscal year 1997 the Administration adopted the provisions of GASB 31, a new accounting standard adopted by the Government Accounting Standards Board. This statement requires the financial statements of the Administration to reflect investments at fair value. Accordingly, the balances of the General Bond Reserve Fund and the Debt Service Reserve Fund, as reported at June 30, 2017, include investments at fair value. Reference should be made to the Official Statement for an explanation of the uses of each fund.

Debt Service Reserve Fund. As of June 30, 2017, the available balance in the Debt Service Reserve Fund was $8,526,887 of which $1,146,430 was cash equivalents. The fair value of investments was $7,380,457 of which $5,476,111 was the book value of investments and $1,904,346 was the increase in fair value. The balance on deposit satisfies the Debt Service Reserve Requirement as of June 30, 2017.

General Bond Reserve Fund. As of June 30, 2017, the available balance in the General Bond Reserve Fund was $43,990,175 of which $39,744,590 was cash equivalents. The fair value of investments was $4,245,585 of which $3,572,035 was the book value of investments and $673,550 was the increase in fair value of the investments. The Administration may withdraw funds within the General Bond Reserve Fund, or may pledge such funds to specific obligations, at any time for any purposes under the Act.

On May 19, 1997, the Director of the Administration adopted a determination, approved by the Secretary, stating that it is the policy of the Administration to maintain a total amount of cash, Investment Obligations and loans under the Administration's special housing opportunities program for financing Group Homes (the "Available Balance") in the General Bond Reserve Fund, as of July 1 of each year, of not less than $20,000,000. The Determination also provides that the Administration shall provide Moody's Investors Service with written notice: (i) if, as of July 1 of any year, the Available Balance in the General Bond Reserve Fund falls below $20,000,000, such notice to be given no later than July 31 for unaudited amounts, and no later than December 31, for audited amounts; and (ii) of any event pursuant to which the administration places or causes to be placed any lien or restriction upon all of any part of the funds held in the General Bond Reserve Fund (other than liens established in connection with the payment of principal of or interest on any of the Administration's bonds from the General Bond Reserve Fund).

Description of Loans and Developments Currently Financed or Expected to be Financed with the Proceeds of the Outstanding Series of Bonds

See Appendix C for certain information as of June 30, 2017, contained in Appendix D of the Official Statement.

Stand-Alone Series

The Administration's Housing Revenue Bonds, Series 2017 A and Series 2017 B (collectively, the "Non-Parity Bonds") each were issued on a stand-alone basis under the Bond Resolution pursuant to separate series resolutions (the "Non-Parity Series Resolutions"). The Non-Parity Bonds are not secured by the moneys, funds and accounts under the Bond Resolution pledged to Parity Bonds (as defined in the Bond Resolution). Likewise, the proceeds of Non-Parity Bonds and revenues pledged as security therefor do not constitute security for, or a source of payment of, any other Bonds issued under the Bond Resolution, including other Bonds issued on a stand-alone basis. Instead, each series of Non-Parity Bonds is separately secured solely by the proceeds and revenues pledged as security therefor under the Non-Parity Series Resolution governing such series.

Outstanding Indebtedness of the Administration

See Appendix D for an update, as of July 1, 2017, of certain information contained in Appendix E to the Official Statement.

Appendices

A Housing Revenue Bonds, Audited Financial Statements for the fiscal years ended June 30, 2017 and June 30, 2016.
C Description of Loans and Developments.
D Outstanding Indebtedness of the Administration.
E Certain Information Relating to the Maryland Housing Fund: Audited Financial Statements for the year ended June 30, 2017 and June 30, 2016.
G Certain Information relating to the Maryland Housing Fund Insurance Program.

Date: October 26, 2017

APPENDIX A
COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS PROGRAM

FINANCIAL STATEMENTS

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
YEARS ENDED JUNE 30, 2017 AND 2016

TABLE OF CONTENTS

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development
Lanham, Maryland

We have audited the accompanying financial statements of the Community Development Administration Housing 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, 2017 and 2016, 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 these 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 auditors' 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, 2017 and 2016, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the 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 and for the years ended June 30, 2017 and 2016, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 21-22, 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 audit of the basic financial statements and, accordingly, we do not express an opinion, or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 29, 2017, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2017

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2017 AND 2016

	2017	2016
RESTRICTED ASSETS		
RESTRICTED CURRENT ASSETS		
Cash and Cash Equivalents on Deposit	$ 89,209	$ 52,183
Investments	-	2,408
Mortgage-Backed Securities	951	825
Mortgage Loans:		
Single Family	2	18
Multi-Family Construction and Permanent Financing	2,331	2,444
Accrued Interest and Other Receivables	1,159	1,104
Total Restricted Current Assets	93,652	58,982
RESTRICTED LONG-TERM ASSETS		
Investments, Net of Current Portion	7,380	8,050
Mortgage-Backed Securities, Net of Current Portion	54,052	57,656
Mortgage Loans, Net of Current Portion and Allowance:		
Single Family	9	6
Multi-Family Construction and Permanent Financing	205,528	173,364
Total Restricted Long-Term Assets	266,969	239,076
Total Restricted Assets	$ 360,621	$ 298,058
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued Interest Payable	$ 4,433	$ 4,024
Accounts Payable	150	-
Bonds Payable	2,300	9,315
Due to Multi-Family Projects	26,271	-
Deposits by Borrowers	4,670	3,238
Total Current Liabilities	37,824	16,577
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	257,540	217,070
Deposits by Borrowers, Net of Current Portion	14,049	11,952
Total Long-Term Liabilities	271,589	229,022
Total Liabilities	309,413	245,599
NET POSITION		
Restricted	51,208	52,459
Total Liabilities and Net Position	$ 360,621	$ 298,058

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
(in thousands)
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUE		
Interest on Mortgage Loans	$ 8,718	$ 7,909
Interest on Mortgage-Backed Securities	2,827	3,302
Interest Income on Investments	739	685
(Decrease) Increase in Fair Value of Investments	(666)	409
Fee Income	687	557
Other Operating Revenue	-	1
Total Operating Revenue	12,305	12,863
OPERATING EXPENSES		
Interest Expense on Bonds	8,484	8,052
Professional Fees and Other Operating Expenses	521	507
Total Operating Expenses	9,005	8,559
Operating Income	3,300	4,304
NONOPERATING (EXPENSES) REVENUE		
(Decrease) Increase in Fair Value of Mortgage-Backed Securities	(2,551)	2,232
Transfer of Funds, as Permitted by the Resolution	(2,000)	(1,500)
CHANGE IN NET POSITION	(1,251)	5,036
NET POSITION - RESTRICTED AT BEGINNING OF YEAR	52,459	47,423
NET POSITION - RESTRICTED AT END OF YEAR	$ 51,208	$ 52,459

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Principal and Interest Received on Mortgage Loans	$ 21,632	$ 23,689
Principal and Interest Received on Mortgage-Backed Securities	3,758	25,621
Escrow Funds Received	8,041	5,371
Escrow Funds Paid	(4,512)	(3,823)
Loan Fees Received	687	557
Purchase of Mortgage Loans	(18,776)	(52,044)
Professional Fees and Other Operating Expenses	(513)	(507)
Other Reimbursements	142	(26)
Net Cash Provided by (Used in) Operating Activities	10,459	(1,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturities or sales of investments	2,384	2,503
Purchases of investments	-	(4,996)
Interest Received on Investments	803	730
Net Cash Provided by (Used in) Investing Activities	3,187	(1,763)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from the Sale of Bonds	46,450	48,200
Payments on Bond Principal	(12,995)	(37,870)
Interest on Bonds	(8,075)	(7,666)
Transfers Among Funds	(2,000)	(1,500)
Net Cash Provided by Financing Activities	23,380	1,164
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT	37,026	(1,761)
CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR	52,183	53,944
CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR	$ 89,209	$ 52,183
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating Income	$ 3,300	$ 4,304
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Amortization of Investment Premiums	28	90
Decrease (Increase) in Fair Value of Investments	666	(409)
Interest Received on Investments	(803)	(730)
Interest on Bonds	8,075	7,666
(Increase) Decrease in Assets:		
Mortgage Loans	(32,038)	(36,145)
Mortgage-Backed Securities	927	22,216
Accrued Interest and Other Receivables	(55)	(61)
Increase (Decrease) in Liabilities:		
Accrued Interest Payable	409	386
Accounts Payable	150	(27)
Due to Multi-Family Projects	26,271	-
Deposits by Borrowers	3,529	1,548
Net Cash Provided by (Used in) Operating Activities	$ 10,459	$ (1,162)

See accompanying Notes to Financial Statements.

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 Housing Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds to provide funds to finance or refinance loans for various types of housing. As of June 30, 2017 and 2016, Housing Revenue Bonds have primarily financed multi-family projects.

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).

Basis of Accounting and Measurement Focus

The basis of accounting for the Fund is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Fund are included on the Statements of Net Position. The Fund is required to follow all statements of the Governmental Accounting Standards Board (GASB).

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by 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.

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 included 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017 and 2016, all of the Fund's cash equivalents were invested in a money market mutual fund which is 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 multi-family projects. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees are recognized as revenue in the period received. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes 4 and 11 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all of the mortgage loans of the Fund are insured or guaranteed. Less than 1% of the loan portfolio is uninsured and CDA has established an allowance for loan losses on these loans. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group. See Notes 4 and 11 for additional information.

Accrued Interest and Other Receivables

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

Bonds Payable

Bonds payable are carried at their unpaid principal balances. 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 and 9 for more information.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Due to Multi-Family Projects

On some multi-family mortgage loans CDA records the total loan amount when the loan closes and collects interest from the multi-family projects on the full loan amount from the date of closing. Due to Multi-Family Projects represents the undrawn loan amount which is held by CDA as an escrow until the funds are needed by the projects.

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. CDA has set up other escrows for construction interest which are classified based on loan interest due as to whether it is a current or long-term liability. See Note 9 for further information on changes in long-term obligations.

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, 2017 and 2016, 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 multi-family financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

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 12 for additional information.

(in thousands)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Expenses

CDA distinguishes operating revenue and expenses from non-operating 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.

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.

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 Housing 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, 2017 and 2016, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2017	2016
Cash and Cash Equivalents:		
BlackRock Liquidity FedFund Administration Shares	$ 89,209	$ -
Federated Prime Cash Obligations Fund	-	52,183
Investments:		
Obligations of the U.S. Treasury	7,380	8,050
Obligations of U.S. Government Agencies	-	2,408
Mortgage-Backed Securities:		
GNMA Mortgage-Backed Securities	55,003	58,481
Total	$ 151,592	$ 121,122

(in thousands)

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

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.

As of June 30, 2017, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 15	More Than 15
BlackRock Liquidity FedFund Administration Shares	$ 89,209	$ 89,209	$ 89,209	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,476	7,380	-	-	7,380	-	-
Obligations of U.S. Government Agencies	-	-	-	-	-	-	-
GNMA Mortgage-Backed Securities	52,359	55,003	-	-	-	-	55,003
Total	$ 147,044	$ 151,592	$ 89,209	$ -	$ 7,380	$ -	$ 55,003

As of June 30, 2016, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in Years)				
Asset	Amortized Cost	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 15	More Than 15
Federated Prime Cash Obligations Fund	$ 52,183	$ 52,183	$ 52,183	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,480	8,050	-	-	-	8,050	-
Obligations of U.S. Government Agencies	2,408	2,408	2,408	-	-	-	-
GNMA Mortgage-Backed Securities	53,286	58,481	-	-	-	-	58,481
Total	$ 113,357	$ 121,122	$ 54,591	$ -	$ -	$ 8,050	$ 58,481

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes and other obligations issued or guaranteed as to principal and interest by the U.S. Government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. 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. Both operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. Both 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, 2017 and 2016, the cost of the money market mutual fund approximated fair value.

(in thousands)

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, 2017 and 2016, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2017 and 2016, the ratings on Housing Revenue Bonds 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.

As of June 30, 2017, 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
BlackRock Liquidity FedFund Administration Shares	$ 89,209	58.85%	Aaa		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	55,003	36.28%		Direct U.S. Obligations	
Obligations of the U.S. Treasury	7,380	4.87%		Direct U.S. Obligations	
Total	$ 151,592	100.00%			

(in thousands)

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

As of June 30, 2016, 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	$ 52,183	43.08%	Aaa		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	58,481	48.28%		Direct U.S. Obligations	
Obligations of the U.S. Treasury	8,050	6.65%		Direct U.S. Obligations	
Obligations of U.S. Government Agencies	2,408	1.99%		Aaa	Moody's
Total	$ 121,122	100.00%			

Mortgage-Backed Securities

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities 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.

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, 2017 and 2016, 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.

(in thousands)

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

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of June 30, 2017 and 2016:

- U.S. Treasury Bonds and/or U.S. Government Agencies of $7,380 and $10,458, respectively, are valued using quoted market prices (Level 1)
- GNMA mortgage-backed securities of $55,003 and $58,481, respectively, are valued using the matrix pricing technique (Level 2)

NOTE 4 MORTGAGE LOANS

All multi-family mortgage loans are secured by first liens on the related property and approximately 99% are insured or credit enhanced by the Federal Housing Administration (FHA), Maryland Housing Fund (MHF), Federal National Mortgage Association (FNMA), GNMA or bank letters of credit. As of June 30, 2017 and 2016, interest rates on such loans range from 1.80% to 7.23% and 0.75% to 7.85%, respectively, with remaining loan terms ranging from less than 1 year to 40 years. For the years ended June 30, 2017 and 2016, an allowance for loan losses in the amount of $35 has been established for uninsured loans.

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2017 and 2016 were as follows:

	2017	2016
Accrued Mortgage Loan Interest	$ 828	$ 733
Accrued Mortgage-Backed Securities Interest	234	238
Accrued Investment Interest	88	93
Negative Arbitrage Due from Mortgagors	9	40
Total	$ 1,159	$ 1,104

NOTE 6 BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Resolution. These bonds 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 Fund's bonds are tax-exempt and have fixed rates, except Series 2013 E which is a taxable, variable rate issue. The variable 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 these variable rate bonds bear interest at a rate in excess of 12%.

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2017 and bonds payable as of June 30, 2017:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2016	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2017
Housing Revenue Bonds								
Series 1996 A	11/01/96	5.875% - 5.95%	2016 - 2023	$ 2,375	$ -	$ (710)	$ -	$ 1,665
Series 1996 B	11/01/96	5.875% - 5.95%	2016 - 2028	1,025	-	(60)	-	965
Series 2006 C	04/27/06	4.10% - 4.75%	2016 - 2036	1,125	-	(50)	(745)	330
Series 2006 D	09/27/06	4.91%	7/1/2048	4,130	-	(50)	-	4,080
Series 2007 B	08/30/07	5.51%	1/1/2038	4,480	-	(80)	-	4,400
Series 2007 C	12/20/07	5.38%	1/1/2043	1,425	-	(20)	-	1,405
Series 2008 A	05/29/08	5.24%	7/1/2038	5,100	-	(125)	-	4,975
Series 2008 B	05/29/08	5.63%	7/1/2049	9,765	-	(105)	-	9,660
Series 2008 C	09/19/08	5.60%	7/1/2048	6,990	-	(80)	-	6,910
Series 2008 D	12/18/08	5.25% - 6.75%	2018 - 2039	3,540	-	(70)	-	3,470
Series 2009 A	11/24/09	5.25%	7/1/2041	6,495	-	(275)	-	6,220
Series 2012 A	07/26/12	1.10% - 4.375%	2016 - 2054	9,085	-	(120)	-	8,965
Series 2012 B	08/30/12	1.10% - 4.125%	2016 - 2054	4,385	-	(60)	-	4,325
Series 2012 D	11/07/12	0.90% - 3.875%	2016 - 2054	4,570	-	(70)	-	4,500
Series 2013 A	02/28/13	0.85% - 4.00%	2016 - 2054	10,700	-	(150)	-	10,550
Series 2013 B	07/25/13	1.30% - 5.15%	2016 - 2055	10,655	-	(125)	-	10,530
Series 2013 D	09/19/13	1.10% - 5.65%	2016 - 2055	5,100	-	(50)	-	5,050
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	0.75% - 5.25%	2016 - 2055	12,305	-	(130)	-	12,175
Series 2014 A	02/27/14	0.55% - 5.00%	2016 - 2055	4,760	-	(55)	-	4,705
Series 2014 B	05/21/14	0.50% - 4.45%	2016 - 2055	1,270	-	(15)	-	1,255
Series 2014 C	08/21/14	0.45% - 4.05%	2016 - 2046	3,700	-	(1,360)	-	2,340
Series 2014 D	12/17/14	0.55% - 4.20%	2016 - 2056	10,015	-	(120)	-	9,895
Series 2015 A	05/28/15	0.80% - 4.55%	2017 - 2057	13,395	-	(940)	(4,495)	7,960
Series 2015 B	10/07/15	0.85% - 4.50%	2018 - 2057	48,200	-	-	(2,935)	45,265
Series 2016 A	12/14/16	1.30% - 4.40%	2018 - 2058	-	15,730	-	-	15,730
Series 2017 A	04/13/17	1.35% - 3.95%	2019 - 2058	-	18,720	-	-	18,720
Series 2017 B	05/10/17	1.40% - 3.75%	2019 - 2059	-	12,000	-	-	12,000
Total				$ 226,385	$ 46,450	$ (4,820)	$ (8,175)	$ 259,840

(in thousands)

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2016 and bonds payable as of June 30, 2016:

	Issue Dated	Range of Interest Rates	Range of Maturities	Bonds Payable at June 30, 2015	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Bonds Redeemed	Bonds Payable at June 30, 2016
Housing Revenue Bonds								
Series 1996 A	11/01/96	5.875% - 5.95%	2016 - 2023	$ 3,595	$ -	$ (1,120)	$ (100)	$ 2,375
Series 1996 B	11/01/96	5.875% - 5.95%	2016 - 2028	1,085	-	(60)	-	1,025
Series 2005 A	02/17/05	4.25% - 4.85%	2015 - 2047	4,650	-	(60)	(4,590)	-
Series 2006 C	04/27/06	4.05% - 4.75%	2015 - 2036	1,790	-	(50)	(615)	1,125
Series 2006 D	09/27/06	4.91%	7/1/2048	4,180	-	(50)	-	4,130
Series 2007 A	06/14/07	4.20% - 4.95%	2015 - 2049	16,815	-	(195)	(16,620)	-
Series 2007 B	08/30/07	5.51%	1/1/2038	4,555	-	(75)	-	4,480
Series 2007 C	12/20/07	5.38%	1/1/2043	1,445	-	(20)	-	1,425
Series 2008 A	05/29/08	5.24%	7/1/2038	5,220	-	(120)	-	5,100
Series 2008 B	05/29/08	5.63%	7/1/2049	9,870	-	(105)	-	9,765
Series 2008 C	09/19/08	5.60%	7/1/2048	7,065	-	(75)	-	6,990
Series 2008 D	12/18/08	5.25% - 6.75%	2018 - 2039	3,600	-	(60)	-	3,540
Series 2009 A	11/24/09	5.25%	7/1/2041	6,755	-	(260)	-	6,495
Series 2012 A	07/26/12	0.85% - 4.375%	2015 - 2054	9,205	-	(120)	-	9,085
Series 2012 B	08/30/12	0.85% - 4.125%	2015 - 2054	4,445	-	(60)	-	4,385
Series 2012 D	11/07/12	0.65% - 3.875%	2015 - 2054	4,635	-	(65)	-	4,570
Series 2013 A	02/28/13	0.65% - 4.00%	2015 - 2054	10,850	-	(150)	-	10,700
Series 2013 B	07/25/13	0.70% - 5.15%	2015 - 2055	10,945	-	(290)	-	10,655
Series 2013 C	07/25/13	0.90% - 5.50%	2015 - 2045	3,965	-	(225)	(3,740)	-
Series 2013 D	09/19/13	0.60% - 5.65%	2015 - 2055	7,585	-	(2,485)	-	5,100
Series 2013 E	11/07/13	Variable Rate	7/1/2045	41,795	-	-	-	41,795
Series 2013 F	12/12/13	0.75% - 5.25%	2016 - 2055	16,255	-	-	(3,950)	12,305
Series 2014 A	02/27/14	0.30% - 5.00%	2015 - 2055	4,805	-	(45)	-	4,760
Series 2014 B	05/21/14	0.50% - 4.45%	2016 - 2055	3,790	-	-	(2,520)	1,270
Series 2014 C	08/21/14	0.45% - 4.05%	2016 - 2046	3,700	-	-	-	3,700
Series 2014 D	12/17/14	0.45% - 4.20%	2016 - 2056	10,060	-	(45)	-	10,015
Series 2015 A	05/28/15	0.80% - 4.55%	2017 - 2057	13,395	-	-	-	13,395
Series 2015 B	10/07/15	0.85% - 4.50%	2018 - 2057	-	48,200	-	-	48,200
Total				$ 216,055	$ 48,200	$ (5,735)	$ (32,135)	$ 226,385

(in thousands)

NOTE 7 DEBT SERVICE REQUIREMENTS

As of June 30, 2017, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2017) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Year Ended June 30,	Interest	Principal
2018	$ 9,589	$ 2,300
2019	9,459	14,930
2020	9,123	8,350
2021	9,031	3,105
2022	8,914	3,215
2023 - 2027	42,696	16,155
2028 - 2032	39,079	18,755
2033 - 2037	34,373	23,365
2038 - 2042	28,423	26,075
2043 - 2047	21,766	68,680
2048 - 2052	13,457	28,415
2053 - 2057	7,056	23,865
2058 - 2062	1,283	22,630
Total	$ 234,249	$ 259,840

The interest calculations on outstanding variable rate bonds in the amount of $41,795 are based on the variable rate in effect on June 30, 2017 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.

(in thousands)

NOTE 7 DEBT SERVICE REQUIREMENTS (CONTINUED)

As of June 30, 2016 the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2016) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Year Ended June 30,	Interest	Principal
2017	$ 8,037	$ 9,315
2018	7,877	5,265
2019	7,788	2,645
2020	7,708	2,545
2021	7,623	3,035
2022 - 2026	36,302	15,665
2027 - 2031	32,897	17,645
2032 - 2036	28,506	21,895
2037 - 2041	22,839	25,350
2042 - 2046	17,017	67,025
2047 - 2051	10,019	27,245
2052 - 2056	3,787	25,105
2057 - 2061	160	3,650
Total	$ 190,560	$ 226,385

The interest calculations on outstanding variable rate bonds in the amount of $41,795 are based on the variable rate in effect on June 30, 2016 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.

NOTE 8 BOND REFUNDINGS

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. As of June 30, 2017 and 2016, CDA did not issue any refunding bonds.

(in thousands)

NOTE 9 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2017 and 2016 were as follows:

	2017	2016
Bonds Payable:		
Beginning Balance at June 30,	$ 226,385	$ 216,055
Additions	46,450	48,200
Reductions	(12,995)	(37,870)
Ending Balance at June 30,	259,840	226,385
Less Due Within One Year	(2,300)	(9,315)
Total Long-Term Bonds Payable	257,540	217,070
Deposits by Borrowers:		
Beginning Balance at June 30,	15,190	13,642
Additions	8,041	5,371
Reductions	(4,512)	(3,823)
Ending Balance at June 30,	18,719	15,190
Less Due Within One Year	(4,670)	(3,238)
Total Long-Term Deposits by Borrowers	14,049	11,952
Total Long-Term Liabilities	$ 271,589	$ 229,022

NOTE 10 INTERFUND ACTIVITY

In accordance with the Resolution, net position in the Fund 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, 2017 and 2016, the Fund transferred the following amounts, as permitted, among Funds:

	2017	2016
Excess Revenue Transferred to the General Bond Reserve Fund	$ (2,000)	$ (1,500)

NOTE 11 MORTGAGE INSURANCE

Approximately 99% of the Fund's mortgage loans are insured or credit enhanced 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.

Single family mortgagors pay the premiums for primary mortgage insurance. Generally, loans are insured in an amount that is at least 25% of the loan amount.

NOTE 12 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.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES
IN FAIR VALUE OF INVESTMENTS AND
MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2017 AND 2016

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 the U.S. Treasury) held by the Fund as of June 30, 2017, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
1997	$ (352)	$ (352)
1998	$ 832	$ 480
1999	$ (407)	$ 73
2000	$ 48	$ 121
2001	$ 193	$ 314
2002	$ 157	$ 471
2003	$ 889	$ 1,360
2004	$ (678)	$ 682
2005	$ 897	$ 1,579
2006	$ (866)	$ 713
2007	$ 48	$ 761
2008	$ 444	$ 1,205
2009	$ 202	$ 1,407
2010	$ 472	$ 1,879
2011	$ (280)	$ 1,599
2012	$ 1,283	$ 2,882
2013	$ (730)	$ 2,152
2014	$ (27)	$ 2,125
2015	$ 36	$ 2,161
2016	$ 409	$ 2,570
2017	$ (666)	$ 1,904

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES
IN FAIR VALUE OF INVESTMENTS AND
MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2017 AND 2016

For mortgage-backed securities held by the Fund as of June 30, 2017, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal Year Ended June 30,	Annual Increases/ Decreases	Cumulative Total
2000	$ (3,825)	$ (3,825)
2001	$ (3,291)	$ (7,116)
2002	$ 3,340	$ (3,776)
2003	$ 21,435	$ 17,659
2004	$ (11,126)	$ 6,533
2005	$ 12,879	$ 19,412
2006	$ (27,704)	$ (8,292)
2007	$ 3,661	$ (4,631)
2008	$ (5,987)	$ (10,618)
2009	$ 17,358	$ 6,740
2010	$ 13,103	$ 19,843
2011	$ (7,348)	$ 12,495
2012	$ 6,303	$ 18,798
2013	$ (8,491)	$ 10,307
2014	$ (5,694)	$ 4,613
2015	$ (1,650)	$ 2,963
2016	$ 2,232	$ 5,195
2017	$ (2,551)	$ 2,644

Appendix C
Description of Loans and Developments

Table C-1, Developments Currently Financed with the Proceeds of Prior Series of Bonds:

Multifamily Projects

Name	Footnote	Location	Owner/ Developer	Subsidy	No. of Units (5)	No. of Subsidized Units	Total Subsidy Term (Months) (4)	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate (6)	Original Mortgage Loan Balance Amount	Scheduled Loan Balance as of 06/30/2017	Current Loan Balance as of 06/30/2017	Reserve For Replacements as of 06/30/2017 (7)	Occupancy (2)	Inspection Rating (3)	Bond Series
Alcott Place Apt	15, 22	Baltimore City	Alcott Place,LLC	None	51	0	0	RISK SHARE	480	455	4.95%	$1,270,000	$1,247,844	$1,247,844	$39,591	98%	Above Average	HRB2014B
Brookside Station	4, 9, 11, 15, 22	Harford County	Pax Edwards, LLC	USDA	56	39	0	RISK SHARE	480	480	4.538%	$2,840,000	$2,840,000	$2,840,000	$135,711	90%	Pending	HRB2016A
Brookside Station	4, 9, 11, 15, 22	Harford County	Pax Edwards, LLC	USDA	0	0	0	RISK SHARE	24	19	1.80%	$2,360,000	$2,360,000	$2,360,000	$0			HRB2016A
Calvert Pines II		Calvert County	Housing Authority of Calvert County	None	48	0	0	MHF	336	35	7.00%	$353,956	$74,567	$74,567	$555,365	100%	Above Average	HRB1996A
Cherrydale Apartments		Baltimore City	Cherrydale Limited Partnership	None	186	0	0	GNMA	480	387	6.19%	$3,755,000	$3,542,005	$3,542,005	$0	97%	Satisfactory	HRB2008B
Chesapeake Commons	14	Baltimore City	City College Associates Limited Partnership	None	95	0	0	MHF	360	71	7.00%	$235,000	$90,675	$90,675	$0	92%	Above Average	HRB1996A
Chestertown Cove Apts.	4, 9, 11, 15, 22	Kent County	Chestertown Cove Perservation, LP	USDA	34	31	0	RISK SHARE	480	480	4.538%	$1,030,000	$1,030,000	$1,030,000	$146,003	0%	Under Const.	HRB2016A
Chestertown Cove Apts.	4, 9, 11, 15, 22	Kent County	Chestertown Cove Perservation, LP	USDA	0	0	0	RISK SHARE	24	19	1.80%	$2,300,000	$912,070	$912,070	$0			HRB2016A
Coleman Manor Apartments		Baltimore City	Homes for Wallbrook Limited Partner	Section 8	50	49	480	GNMA	480	371	5.41%	$1,126,400	$1,033,390	$1,033,390	$0	96%	Above Average	HRB2007A
Cottages at River House Phase IV	15, 22	Wicomico County	Blackburn Housing IV LP	None	36	0	0	RISK SHARE	480	468	4.60%	$1,990,000	$1,972,274	$1,972,274	$9,014	97%	Above Average	HRB2015A
Epiphany House	12	Baltimore City	Epiphany House Limited Partnership	None	33	0	0	MHF	384	6	3.70%	$925,000	$20,989	$20,989	$17,748	91%	Above Average	HRB1996A
Essex House Apartments	15, 22	Montgomery County	Essex House,LLC	None	135	0	0	RISK SHARE	480	454	5.20%	$10,855,000	$10,669,654	$10,669,654	$19,349	99%	Below Average	HRB2013F
Fairbrooke Senior Apts	15, 22	Harford County	MD HA Fairbrooke LLC	Section 8	122	24	0	RISK SHARE	480	460	4.34%	$6,525,000	$6,420,090	$6,420,090	$97,929	97%	Above Average	HRB2014D
Federalsburg Square	4, 9, 15, 22	Caroline County	Federalsburg Square LLC	USDA	88	70	0	RISK SHARE	480	475	4.50%	$1,975,000	$1,967,581	$1,967,581	$11,007	98%	Above Average	HRB2015B
Greenbelt/ Greenridge		Prince George's County	City of Greenbelt	Section 8	101	100	480	MHF	480	5	7.23%	$3,343,400	$105,470	$105,470	$655,995	98%	Satisfactory	HRB1996A
Hickory Ridge Apts. II	17	Howard County	Hickory Ridge Village, LLLP	None	108	0	0	UNINSURED	456	316	4.00%	$507,121	$394,063	$394,063	$0	99%	Satisfactory	HRB1996A

Appendix C
Description of Loans and Developments

Table C-1, Developments Currently Financed with the Proceeds of Prior Series of Bonds:

Multifamily Projects

Name	Footnote	Location	Owner/ Developer	Subsidy	No. of Units (5)	No. of Subsidized Units	Total Subsidy Term (Months) (4)	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate (6)	Original Mortgage Loan Balance Amount	Scheduled Loan Balance as of 06/30/2017	Current Loan Balance as of 06/30/2017	Reserve For Replacements as of 06/30/2017 (7)	Occupancy (2)	Inspection Rating (3)	Bond Series
Holly Lane Apartments		Baltimore City	HTA Development	None	170	0	0	GNMA	480	376	5.41%	$10,648,600	$9,819,770	$9,819,770	$0	96%	Satisfactory	HRB2007A
Johnston Square Apartments		Baltimore County	General Greene Limited Partnership	Section 8	218	217	480	GNMA	480	390	6.18%	$7,380,000	$6,977,306	$6,977,306	$0	99%	Satisfactory	HRB2008C
Lanvale Towers/Canal Court Apts.	4, 21	Baltimore City	Lanvale Housing, LP	Section 236 Section 8	321	321	168	GNMA	480	356	5.47%	$16,135,000	$12,314,666	$12,314,666	$0	85%	Above Average	HRB2005C
Leonard Apartments	4, 15, 22	Wicomico County	Booth Street Limited Partnership	USDA	66	58	0	RISK SHARE	360	327	4.93%	$1,295,000	$1,239,415	$1,239,415	$240,971	97%	Satisfactory	HRB2013B
Lester Morton Court Apts. Part A	4, 18	Baltimore City	Hampstead Lester Morton Court Partners, L.P.	Section 236 Section 8	70	70	120	FNMA	360	235	6.45%	$2,770,000	$1,162,082	$1,162,082	$0	87%	Satisfactory	HRB2004D
Longwood		Howard County	Columbia Associates	Section 8	100	100	480	MHF	480	19	7.23%	$3,080,000	$352,234	$352,234	$153,597	100%	Above Average	HRB1996A
Manhattan Park Apartments - Part A	4, 23	Baltimore City	The Manhattan Park Apts., LP	Section 236	123	123	108	FNMA	360	248	6.46%	$2,520,000	$2,168,360	$2,168,360	$0	97%	Above Average	HRB2006B
Mount Clare Overlook		Baltimore City	SKB Development LP	Section 8	110	110	252	GNMA	480	360	5.57%	$6,705,000	$6,099,792	$6,099,792	$0	100%	Satisfactory	HRB2006A
Mount Jezreel	10, 11, 15, 22	Montgomery County	Mt. Jezreel Senior LLC	None	75	0	0	RISK SHARE	480	480	4.42%	$7,120,000	$7,120,000	$7,120,000	$0	0%	Under Const.	HRB2017A
Mount Jezreel	10, 11, 15, 22	Montgomery County	Mt. Jezreel Senior LLC	None	0	0	0	RISK SHARE	24	22	1.82%	$1,860,000	$1,860,000	$1,860,000	$0			HRB2017A
Mulberry Hills Apts. I	4, 15	Talbot County	Mulberry Estates, LLLP	USDA	128	63	0	RISK SHARE	480	437	4.27%	$4,500,000	$4,335,026	$4,335,026	$229,845	100%	Above Average	HRB2012B
New Towne Village - A	19	St. Mary's County	Leonardtown Senior Limited Partnership	None	36	0	0	FNMA	420	306	6.43%	$1,545,000	$1,391,336	$1,391,336	$0	94%	Above Average	HRB2007C
North Street Senior Apartments	15, 22	Cecil County	TCB North Street Senior, LLC	None	53	0	0	RISK SHARE	480	454	5.20%	$1,450,000	$1,425,241	$1,425,241	$37,222	100%	Above Average	HRB2013F
Oak Grove Manor		Baltimore County	Oak Grove Associates, LLC	None	120	0	0	UNINSURED	480	334	4.00%	$139,494	$117,347	$117,347	$0	100%	Above Average	HRB1996A
Oak Grove Manor II	17	Baltimore County	Oak Grove Associates, LLC	None	0	0	0	UNINSURED	456	318	4.00%	$1,110,506	$944,547	$944,547	$0	100%	Above Average	HRB1996A
Orchard Ridge IV	15	Baltimore City	Orchard Ridge Rental IV, LLC	Section 8	64	20	480	RISK SHARE	480	452	5.75%	$4,185,000	$4,117,803	$4,117,803	$43,340	91%	Satisfactory	HRB2013D

Appendix C
Description of Loans and Developments

Table C-1, Developments Currently Financed with the Proceeds of Prior Series of Bonds:
Multifamily Projects

Name	Footnote	Location	Owner/ Developer	Subsidy	No. of Units (5)	No. of Subsidized Units	Total Subsidy Term (Months) (4)	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate (6)	Original Mortgage Loan Balance Amount	Scheduled Loan Balance as of 06/30/2017	Current Loan Balance as of 06/30/2017	Reserve For Replacements as of 06/30/2017 (7)	Occupancy (2)	Inspection Rating (3)	Bond Series
Park View at Colonial Landing - 200	15	Howard County	Colonial Development, LLLP	None	100	0	0	RISK SHARE	480	435	4.00%	$4,700,000	$4,507,288	$4,507,288	$303,285	97%	Above Average	HRB2012D
Park View at Ellicott City I	15, 22	Howard County	Ellicott LLLP	None	81	0	0	RISK SHARE	480	459	4.34%	$3,535,000	$3,475,213	$3,475,213	$138,411	100%	Above Average	HRB2014D
Park View at Laurel II	15, 22	Prince George's County	Laurel II LLLP c/o Shelter Development LLC	None	105	0	0	RISK SHARE	480	451	5.10%	$4,805,000	$4,710,543	$4,710,543	$161,238	90%	Above Average	HRB2014A
Parkview Towers Apts.	15	Montgomery County	MHP Parkview Towers, L.P.	None	125	0	0	RISK SHARE	480	443	4.05%	$10,925,000	$10,565,906	$10,565,906	$160,340	99%	Satisfactory	HRB2013A
Perry Point	10, 11, 15, 22	Cecil County	HELP Perry Point LP	Section 8	75	75	240	RISK SHARE	480	480	4.23%	$6,265,000	$6,265,000	$6,265,000	$0	0%	Under Const.	HRB2017B
Perry Point	10, 11, 15, 22	Cecil County	HELP Perry Point LP	Section 8	0	0	0	RISK SHARE	24	23	1.88%	$5,735,000	$5,735,000	$5,735,000	$0			HRB2017B
Pikeswood Park Apts	15	Baltimore County	Osprey Property Co. LLC	None	140	0	0	RISK SHARE	480	434	4.40%	$9,340,000	$8,982,747	$8,982,747	$169,710	97%	Satisfactory	HRB2012A
Poppleton Place Apts Part I		Baltimore City	Poppleton Partners, LP	Section 8	123	123	480	GNMA	480	369	5.55%	$4,425,000	$4,062,260	$4,062,260	$0	95%	Above Average	HRB2006D
Richmond Hill Pointe	15, 22	Cecil County	Richmond Hill Redevelopment	None	48	0	0	RISK SHARE	480	446	5.21%	$2,545,000	$2,487,305	$2,487,305	$0	98%	Satisfactory	HRB2013B
Riverwoods at St. Michaels	15, 22	Talbot County	Riverwoods St. Michaels, LLC	None	40	0	0	RISK SHARE	480	448	5.75%	$1,170,000	$1,148,319	$1,148,319	$32,111	98%	Above Average	HRB2013D
Ruscombe Gardens Apartments		Baltimore City	Evergreen Partners	Section 8	151	150	480	GNMA	420	373	5.39%	$8,882,979	$8,508,951	$8,508,951	$0	99%	Above Average	HRB2007A
Samuel Chase Apartments	4, 15, 22	Somerset County	Green Street Housing, LLC	USDA	60	57	0	RISK SHARE	360	339	4.35%	$2,390,000	$2,311,681	$2,311,681	$255,446	100%	Satisfactory	HRB2014C
Sierra Woods Apts - A	4, 15, 24	Howard County	Enterprise Housing Corp	Section 236 Section 8	160	158	360	RISK SHARE	360	285	5.60%	$6,815,000	$6,159,461	$6,159,461	$244,090	97%	Satisfactory	HRB2009A
Southern Pines II	9, 11, 15, 22	Calvert County	SP II Apartments, LLC	None	67	0	0	RISK SHARE	480	480	4.538%	$3,500,000	$1,835,867	$1,835,867	$0	0%	Under Const.	HRB2016A
Southern Pines II	9, 11, 15, 22	Calvert County	SP II Apartments, LLC	None	0	0	0	RISK SHARE	24	19	1.80%	$3,700,000	$732,394	$732,394	$0			HRB2016A
Spring Valley Apts	15	St. Mary's County	Spring Valley Workforce Housing	None	128	0	0	RISK SHARE	480	449	5.21%	$6,690,000	$6,552,637	$6,552,637	$145,835	100%	Above Average	HRB2013B

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Description of Loans and Developments

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Multifamily Projects

Name	Footnote	Location	Owner/ Developer	Subsidy	No. of Units (5)	No. of Subsidized Units	Total Subsidy Term (Months) (4)	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate (6)	Original Mortgage Loan Balance Amount	Scheduled Loan Balance as of 06/30/2017	Current Loan Balance as of 06/30/2017	Reserve For Replacements as of 06/30/2017 (7)	Occupancy (2)	Inspection Rating (3)	Bond Series
Stevens Forest Apartments Part I	15	Howard County	Stevens Forest Limited Partnership	Section 8	108	96	480	RISK SHARE	480	386	5.94%	$6,545,000	$6,146,407	$6,146,407	$384,204	98%	Above Average	HRB2008B
The Graw / Havre-de-Grace		Harford County	Havre de Grace Associates	Section 8	66	65	480	MHF	480	15	6.79%	$1,575,000	$137,038	$137,038	$161,246	100%	Above Average	HRB1996A
Timothy House Apartments		Baltimore County	Timothy House LLLP	None	112	0	360	FNMA	360	267	6.67%	$4,875,000	$4,357,657	$4,357,657	$0	92%	Satisfactory	HRB2007B
Towns at Woodfield	10, 11, 15, 22	Baltimore County	Dogwood Towns, LLC	None	62	0	0	RISK SHARE	480	480	4.42%	$7,740,000	$7,740,000	$7,740,000	$0	0%	Under Const.	HRB2017A
Towns at Woodfield	10, 11, 15, 22	Baltimore County	Dogwood Towns, LLC	None	0	0	0	RISK SHARE	24	22	1.82%	$2,000,000	$2,000,000	$2,000,000	$0			HRB2017A
Victoria Estates	4, 11, 15, 22	Worcester County	Victoria Estates LLC	USDA	100	0	0	RISK SHARE	480	468	4.60%	$1,670,000	$1,655,110	$1,655,110	$39,806	95%	Pending	HRB2015A
Waverly Gardens Senior Apts.	15	Howard County	Waverly Woods Development Corps.	None	102	0	0	RISK SHARE	480	352	5.85%	$6,169,000	$5,597,553	$5,597,553	$309,921	100%	Above Average	HRB2005A
Weinberg Manor Apts	15	Baltimore City	Weinberg Manor West, LP	Section 8	109	108	360	RISK SHARE	360	269	6.99%	$3,880,000	$3,498,994	$3,498,994	$45,434	99%	Above Average	HRB2008D
Windsor Gardens	15, 22	Frederick County	Homes for Frederick LP	Section 8	59	0	0	RISK SHARE	480	468	4.60%	$4,330,000	$4,291,430	$4,291,430	$76,891	100%	Satisfactory	HRB2015A
Woodland Springs	11, 15, 22	Prince George's County	Woodland Springs, LP	Section 8	506	121	0	RISK SHARE	480	480	4.50%	$43,290,000	$43,290,000	$43,290,000	$0	0%	Under Const.	HRB2015B
Totals: (1)					5424							$281,331,456	$252,880,359	$252,880,359	$5,020,656			

1 Amounts and percentages may not total exactly due to the rounding.

2 Generally, as of June 30, 2017.

3 The Inspection Rating is based on the most recent rating available to the Administration as of June 30, 2017 and reflects the evaluation by the Department's Asset Management Group of the Development's physical condition, management practices and compliance with regulations and loan documents. The projects rated "Pending" are yet to receive their first inspection, while the projects rated "New Const." are in the process of being leased up and would not require inspection. The ratings reported on this schedule reflect inspections as of June 30. 2017.

4 Includes original and all renewal terms. Section 236 contract terms are coterminous with applicable Loan term, except for Lanvale Towers, Lester Morton Court Apartments, Sierra Woods, whose Section 236 subsidies end in March 2021, October 2014, and January 2017 respectively. For the term of the USDA subsidy there is an allocated dollar amount provided to the Project that is designed to assist the tenants with rental payments. Refer to Appendix G for additional information.

5 Figures may include non-revenue manager-occupied units.

6 The interest rate received by the Administration on the related Guaranteed Securities GNMA loans is 0.25% less than the interest rate shown in the chart because the GNMA Servicer deducts and retains a fee in that amount.

7 For loans enhanced by FNMA, the Reserve for Replacement Accounts are held by the lender.

8 N/A

9 Refer to Table C-2,"Letter of Credit" chart.

10 The Bonds issued to finance this Development are stand-alone, non-parity Bonds under the Bond Resolution secured solely by the trust estate pledged under the applicable series resolution and not from revenues or other amounts pledged to Parity Bonds.

11 These developments are in construction or lease-up, therefore occupancy reports and/or inspection ratings may not be available at this time. These loans may have negative arbitrage backed by a standby letter of credit, please see the Official Statement for additional information.

12 In addition to this loan, the Administration loaned the sponsor $538,000, which is invested to support payments due under the Transferred Loan. The additional loan is not subject to the lien of the Bond Resolution. Also, as part of a workout, the Administration reduced the interest rate to 3.7% from 7.8% on May 1, 1998. In August 1999, the Administration received a principal curtailment of $215,000.

13 N/A

14 This development also has a co-first parity mortgage securing mortgage loan made with the proceeds of the Administration's original Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) in the following amount as of June 30, 2014: Chesapeake Commons $1,894,631. The underlying bond has since been redeemed and the loan along with the reserve for replacement account for Chesapeake Commons, reside in the Collateral Reserve Fund in the Administration's Residential Revenue Bonds.

15 Insured under the FHA Risk Sharing program. See Official Statement, Appendix G - "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS - FHA RISK SHARING PROGRAM".

16 N/A

17 These are cash flow loans. The unpaid accrued interest under Hickory Ridge II is capitalized annually and added to the principal. Interest and principal are due in annual installments in an amount equal to the lesser of Surplus Cash or scheduled payments. Oak Grove's first tranche is an amortizing loan. Interest and principal on the second tranche shall be due and payable in consecutive annual installments in an amount equal to the lesser of Surplus Cash or the scheduled payment. These cash flow loans are in second position and the Reserve for Replacements are held by the first lien holder.

18 The interest rate received by the Administration towards Lester Morton Apartments is 0.90% less than the interest rate in the Note which is reported in this chart. The servicer retains 0.90% for servicing and credit enhancement fees. Lester Morton Court Apartments is a FNMA loan.

19 The interest rate received by the Administration is 0.80% less than the interest rate in the Note which is reported in this chart. The servicer retains 0.80% for servicing and credit enhancement fees. New Towne Village is a FNMA loan.

20 N/A

21 The Lanvale Towers/Canal Court Apartments loan in the amount of $16,135,000 was financed by Housing Revenue Bond Series 2005 C in the amount of $13,985,000 and a transfer of surplus funds in the amount of $1,260,000 from Multifamily Housing Revenue Bonds (Insured Mortgage Loans) Series 1998 A & B and $890,000 from Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) Series 2001 A & B. Please refer to footnote 14 in reference to the Collateral Reserve Fund.

22 These loans are insured under the FHA Risk-Sharing Program, utilizing a 75/25 share structure in which FHA assumes 75% of the potential loss and MHF assumes the remaining 25% share. All other loans designated as holding "RISK SHARE" credit enhancement utilize the 50/50 share structure.

23 The interest rate received by the Administration is 1.04% less than the interest rate in the Note reported in this chart. The servicer retains 1.04% for servicing and credit enhancement fees.

24 The total units for Sierra Woods Apartments are included in Part A. The Project has a total of 160 units, of which 32 units have Section 8 and 158 units have Section 236.

Table C-2 as of June 30, 2017					
HRB Series - Letters of Credit					
Negative Arbitrage Letters of Credit					
Series	**Project**	**LOC Bank**	**LOC #**	**Amount**	**Expiration**
HRB2015B	Federalsburg Square	BB&T	9551241421-00001	$124,974	10/7/2017
HRB2016A	Chestertown Cove	Wells Fargo	IS0464535U	$106,993	12/14/2017
HRB2016A	Brookside Station	BB&T Comml Finance	9551363535-0001	$69,058	12/12/2018
HRB2016A	SPII Apartments	BB&T	9551366410-00001	$300,755	8/31/2018

Table C-3, Loans and Developments in Default

As of June 30, 2017, there were no Developments or Group Home loans financed by the Housing Revenue Bond indentures in default. Default is defined as failure to make Mortgage Loan payments equivalent to two full monthly payments of principal and interest.

APPENDIX D

OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION

Outstanding Housing 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, 2017.

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Housing Revenue Bonds					
Series 1996 A	1996	7/1/2023	$ 137,385,000	$ 1,575,000	
Series 1996 B	1996	7/1/2028	2,575,000	930,000	
Series 2006 C	2006	7/1/2036	2,120,000	320,000	
Series 2006 D	2006	7/1/2048	8,000,000	4,055,000	
Series 2007 B	2007	1/1/2038	4,875,000	4,360,000	
Series 2007 C	2007	1/1/2043	2,310,000	1,395,000	
Series 2008 A	2008	7/1/2038	5,845,000	4,910,000	
Series 2008 B	2008	7/1/2049	17,360,000	9,605,000	
Series 2008 C	2008	7/1/2048	11,380,000	6,870,000	
Series 2008 D	2008	7/1/2039	5,110,000	3,435,000	
Series 2009 A	2009	7/1/2041	8,755,000	6,140,000	
Series 2012 A	2012	1/1/2054	9,340,000	8,905,000	
Series 2012 B	2012	7/1/2054	5,505,000	4,295,000	
Series 2012 D	2012	1/1/2054	4,700,000	4,465,000	
Series 2013 A	2013	7/1/2054	10,925,000	10,475,000	
Series 2013 B	2013	1/1/2055	11,915,000	10,405,000	
Series 2013 D	2013	1/1/2055	10,790,000	5,000,000	
Series 2013 E	2013	7/1/2045	41,795,000	41,795,000	(2)(4)
Series 2013 F	2013	7/1/2055	16,255,000	12,045,000	
Series 2014 A	2014	1/1/2055	4,805,000	4,650,000	
Series 2014 B	2014	7/1/2055	3,790,000	1,240,000	
Series 2014 C	2014	1/1/2046	3,700,000	2,315,000	
Series 2014 D	2014	1/1/2056	10,060,000	9,830,000	
Series 2015 A	2015	1/1/2057	13,395,000	7,915,000	
Series 2015 B	2015	7/1/2057	48,200,000	45,265,000	
Series 2016 A	2016	7/1/2058	15,730,000	15,730,000	
Series 2017 A	2017	11/1/2058	18,720,000	18,720,000	(11)
Series 2017 B	2017	3/1/2059	12,000,000	12,000,000	(11)
Total Housing Revenue Bonds			$ 447,340,000	$ 258,645,000	

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, 2017.

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Multi-Family Mortgage Revenue Bonds					
Series 2010 A (New Issue) …………………………	2010	7/1/2030	$ 8,410,000	$ 6,525,000	
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	15,210,000	
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	5,015,000	(6)
Series 2010 D (New Issue) …………………………	2010	1/1/2035	6,880,000	5,195,000	
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	1,495,000	
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	2,850,000	
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	14,640,000	
Series 2009 A-7 (Released Program Bonds) ………….	2011	7/1/2051	23,190,000	23,190,000	
Total Multi-Family Mortgage Revenue Bonds …………………………			$ 151,615,000	$ 137,560,000	

	Effective Bond Yield	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Residential Revenue Bonds						
2006 Series E …………	4.199900%	2006	9/1/2017	$ 23,540,000	$ 1,510,000	(1)
2006 Series G …………	(2)	2006	9/1/2040	40,000,000	38,765,000	(1)
2006 Series I …………	5.204300%	2006	3/1/2041	142,330,000	31,070,000	(1)
2006 Series J …………	(2)	2006	9/1/2040	60,000,000	60,000,000	(1)
2007 Series M …………	(2)	2007	9/1/2043	29,050,000	29,050,000	(5)
2008 Series A …………	3.895197%	2008	9/1/2017	60,000,000	1,410,000	
2008 Series D …………	(2)	2008	9/1/2038	50,000,000	45,215,000	
2009 Series A …………	4.798085%	2009	9/1/2039	40,000,000	34,380,000	
2009 Series B …………	4.516954%	2009	9/1/2039	45,000,000	38,435,000	
2009 Series C …………	4.227838%	2009	9/1/2039	15,985,000	13,650,000	
2010 Series A …………	4.416792%	2010	3/1/2021	28,465,000	21,145,000	
2011 Series A …………	4.494892%	2011	9/1/2041	70,825,000	42,590,000	(1)
2011 Series B …………	2.795789%	2011	3/1/2036	20,000,000	20,000,000	(1)(8)
2012 Series A …………	3.123440%	2012	9/1/2025	44,450,000	18,270,000	(1)(3)
2012 Series B …………	(2)	2012	9/1/2033	45,000,000	45,000,000	(1)(3)
2014 Series A …………	3.739403%	2014	9/1/2032	57,515,000	52,885,000	(1)
2014 Series B …………	3.095548%	2014	9/1/2044	35,565,000	23,320,000	(1)
2014 Series C …………	3.369241%	2014	9/1/2044	47,960,000	42,525,000	(1)
2014 Series D …………	3.245679%	2014	9/1/2036	23,885,000	18,850,000	(1)
2014 Series E …………	3.395849%	2014	9/1/2040	53,205,000	40,755,000	(1)(3)
2014 Series F …………	(2)	2014	9/1/2044	25,000,000	24,555,000	(3)
2015 Series A …………	3.379090%	2015	9/1/2045	24,235,000	22,645,000	(1)
2015 Series B …………	3.565720%	2015	9/1/2041	67,190,000	60,930,000	(1)(3)
2016 Series A …………	3.401702%	2016	9/1/2047	325,800,000	311,730,000	(1)(3)
2017 Series A …………	3.734510%	2017	9/1/2048	263,060,000	263,060,000	(1)(3)
Total Residential Revenue Bonds …………………………				$ 1,638,060,000	$ 1,301,745,000	

Other Outstanding Bonds of the Administration

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Single Family Housing Revenue Bonds					
2011 Series A (New Issue)	2011	3/1/2027	$ 40,310,000	$ 15,290,000	
2009 Series A-1 (Released Program Bonds)	2011	9/1/2041	60,460,000	34,460,000	
2011 Series B (New Issue)	2011	3/1/2027	40,000,000	15,840,000	
2009 Series A-2 (Released Program Bonds)	2011	9/1/2041	60,000,000	33,320,000	
2011 Series C (New Issue)	2011	3/1/2027	22,555,000	10,300,000	
2009 Series A-3 (Released Program Bonds)	2011	9/1/2041	33,830,000	22,670,000	
2013 Series A (Pass-Through Program)	2013	7/1/2043	55,987,759	39,908,401	(7)
Total Single Family Housing Revenue Bonds			$ 313,142,759	$ 171,788,401	
Infrastructure Financing Bonds (MBIA Insured)					
1998 Series B	1998	6/1/2028	$ 30,320,000	$ 225,000	
1999 Series A	1999	6/1/2029	6,985,000	105,000	
2001 Series A	2001	6/1/2031	8,460,000	55,000	
Total Infrastructure Financing Bonds (MBIA Insured)			$ 45,765,000	$ 385,000	
Local Government Infrastructure Bonds (Ambac Insured)					
2002 Series A	2002	6/1/2032	$ 11,790,000	$ 170,000	
2004 Series A	2004	6/1/2034	16,375,000	500,000	
2004 Series B	2004	6/1/2034	4,735,000	130,000	
2005 Series A	2005	6/1/2030	9,345,000	3,090,000	
2006 Series A	2006	6/1/2026	8,940,000	355,000	
2007 Series A	2007	6/1/2037	11,460,000	6,610,000	
2007 Series B	2007	6/1/2027	24,575,000	4,780,000	
Total Local Government Infrastructure Bonds (Ambac Insured)			$ 87,220,000	$ 15,635,000	
Local Government Infrastructure Bonds					
2010 Series A-1 (Senior Obligations)	2010	6/1/2030	$ 19,395,000	$ 13,065,000	
2010 Series A-2 (Subordinate Obligations)	2010	6/1/2030	8,515,000	5,775,000	
2012 Series A-1 (Senior Obligations)	2012	6/1/2032	9,550,000	6,190,000	
2012 Series A-2 (Subordinate Obligations)	2012	6/1/2032	4,420,000	2,920,000	
2012 Series B-1 (Senior Obligations)	2012	6/1/2032	14,900,000	11,265,000	
2012 Series B-2 (Subordinate Obligations)	2012	6/1/2032	6,855,000	5,200,000	
2013 Series A-1 (Senior Obligations)	2013	6/1/2043	14,660,000	12,410,000	
2013 Series A-2 (Subordinate Obligations)	2013	6/1/2043	6,720,000	5,755,000	
2014 Series A-1 (Senior Obligations)	2014	6/1/2034	27,605,000	24,675,000	
2014 Series A-2 (Subordinate Obligations)	2014	6/1/2034	12,720,000	11,465,000	
2015 Series A-1 (Senior Obligations)	2015	6/1/2045	13,215,000	12,095,000	
2015 Series A-2 (Subordinate Obligations)	2015	6/1/2045	5,650,000	5,170,000	
2016 Series A-1 (Senior Obligations)	2016	6/1/2036	18,020,000	17,185,000	
2016 Series A-2 (Subordinate Obligations)	2016	6/1/2036	7,715,000	7,355,000	
Total Local Government Infrastructure Bonds			$ 169,940,000	$ 140,525,000	

Other Outstanding Bonds of the Administration

				Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Multifamily Development Revenue Bonds								
Series	1999	A	(GNMA-Selborne House Project)……	1999	12/20/2040	$ 2,150,000	$ 1,800,000	
Series	2001	D	(Princess Anne Townhouses)……….	2001	12/15/2033	4,350,000	2,720,000	
Series	2001	E	(Princess Anne Townhouses)……….	2001	12/15/2033	2,875,000	2,200,000	(2)
Series	2001	G	(Waters Tower Senior Apts.)………..	2001	12/15/2033	4,045,000	3,085,000	(2)
Series	2002	B	(Broadway Homes Project)………….	2002	5/1/2020	5,045,000	1,865,000	
Series	2002	C	(Orchard Mews Apartment Project)….	2002	5/1/2035	5,845,000	3,625,000	
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	11,885,000	(2)
Series	2005	B	(Washington Gardens)……………….	2005	2/1/2036	5,000,000	2,020,000	
Series	2006	A	(Barclay Greenmount Apartments)…..	2006	4/1/2035	4,535,000	3,160,000	
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	1,900,000	
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	13,515,000	(2)
Series	2012	A	(Park View at Bladensburg)………….	2012	12/1/2030	3,500,000	3,230,000	
Series	2013	G	(Glen Manor Apartments)……………	2013	1/1/2031	13,640,000	11,645,000	
Series	2014	I	(Marlborough Apartments)………….	2014	12/15/2031	27,590,000	23,990,000	
Series	2015	D	(Cumberland Arms Apartments)…….	2015	9/1/2032	6,315,000	6,315,000	
Series	2015	F	(Bernard E. Mason Apartments)…….	2015	11/1/2017	18,020,000	18,020,000	
Series	2015	G	(Lakeview Tower)……………………	2015	6/1/2018	19,190,000	19,190,000	
Series	2015	H	(Bel Park Tower)…………………….	2015	6/1/2018	15,600,000	15,600,000	
Series	2015	L	(Hollins House)………………………	2015	11/1/2017	12,000,000	12,000,000	
Series	2015	N	(Wyman House)………………………	2015	12/1/2017	14,600,000	14,600,000	
Series	2015	O	(The Brentwood)…………………….	2015	12/1/2017	15,935,000	15,935,000	
Series	2016	A	(Primrose Place Apartments)………..	2016	10/1/2017	9,900,000	9,900,000	
Series	2016	B	(Rainier Manor Phase II)…………….	2016	3/1/2018	6,570,000	6,570,000	
Series	2016	C	(Adams Crossing Apartments)………	2016	8/1/2018	8,250,000	8,250,000	
Series	2016	E	(Calvin Mowbray Park & Stephen Camper Park)…………………………	2016	1/1/2019	14,700,000	14,700,000	
Series	2016	F	(Pleasant View Gardens Townhomes).	2016	7/1/2018	17,300,000	17,300,000	
Series	2016	G	(Waverly View Apartments)………..	2016	2/1/2019	24,000,000	24,000,000	
Series	2016	H	(Pleasant View Gardens Senior Apts.).	2016	9/1/2018	8,200,000	8,200,000	
Series	2016	I	(Key's Pointe Phase 1B)…………….	2016	11/1/2018	11,000,000	11,000,000	
Series	2016	J	(St. James Terrace Apartments)…….	2016	4/1/2019	12,000,000	12,000,000	
Series	2016	K	(McCulloh Homes Extension)……….	2016	5/1/2019	37,500,000	37,500,000	
Series	2016	L	(Park Heights Apartments)………….	2016	12/1/2018	8,500,000	8,500,000	
Series	2016	M	(Govans Manor)………………………	2016	12/1/2018	19,500,000	19,500,000	
Series	2016	N	(Chase House)……………………….	2016	12/1/2018	17,600,000	17,600,000	
Series	2017	A	(Golden Ring Co-op Apartments)……	2017	7/1/2018	10,000,000	10,000,000	
Series	2017	B	(Beall's Grant)……………………….	2017	7/1/2018	8,570,000	8,570,000	
Series	2017	C	(The Ellerslie)………………………..	2017	2/1/2019	13,500,000	13,500,000	
Series	2017	D	(Belnor Senior Residences)………….	2017	6/1/2019	12,900,000	12,900,000	
Series	2017	E	(Westminster House)…………………	2017	6/1/2019	21,000,000	21,000,000	
Total Multifamily Development Revenue Bonds ……………………………………………						$ 595,940,000	$ 565,355,000	

Other Outstanding Bonds of the Administration

	Year of Issue	Final Maturity	Amount of Note	Amount Drawn	
Multifamily Note					
Victory Crossing - Freddie TEL	2016	6/1/2037	$ 11,305,000	$ 2,071,299	(9)
Riviera Apartments - Freddie TEL	2017	6/1/2034	5,620,000	2,049,214	(10)
Total Multifamily Note..			$ 16,925,000	$ 4,120,513	
Capital Fund Securitization Revenue Bonds					
Series 2003	2003	7/1/2021	$ 94,295,000	$ 2,905,000	
Total Capital Fund Securitization Revenue Bonds			$ 94,295,000	$ 2,905,000	
Local Government Infrastructure Bonds					
2011 Series A (Mayor and City Council of Cumberland Issue)	2011	6/1/2032	$ 12,275,000	$ 11,220,000	
Total Local Government Infrastructure Bonds			$ 12,275,000	$ 11,220,000	
Total Amount of Other Bonds and Notes Outstanding			$ 3,125,177,759	$ 2,351,238,914	
Total Amount of Housing Revenue Bonds Outstanding (12)			$ 447,340,000	$ 258,645,000	
Total Amount of All Bonds and Notes Outstanding			$ 3,572,517,759	$ 2,609,883,914	

(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 bonds with redemption provisions pertaining only to these bonds. For a description of the redemption provisions refer to the Official Statement.

(4) These are taxable bonds.

(5) 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.

(6) 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.

(7) 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.

(8) On March 1, 2016, these variable rate bonds were remarketed to a fixed rate term bond due March 1, 2036.

(9) This is a Freddie Mac tax-exempt loan (Freddie TEL). Pursuant to the Funding Loan Agreement dated November 22, 2016, Capital One, National Association is the initial funding lender, CDA is the governmental lender and Wilmington Trust, National Association is the fiscal agent.

(10) This is a Freddie Mac tax-exempt loan (Freddie TEL). Pursuant to the Funding Loan Agreement dated May 24, 2017, STI Institutional and Government, Inc. is the initial funding lender, CDA is the governmental lender and Wilmington Trust, National Association is the fiscal agent.

(11) These bonds are stand-alone non-parity bonds under the Bond Resolution secured solely by the trust estate pledged under the applicable series resolution and not from revenues or other amounts pledged to parity bonds.

(12) See information under caption "Outstanding Housing Revenue Bonds" above.

For updated information on issuances and/or redemptions after July 1, 2017, please refer to the website www.dhcd.maryland.gov, Investors.

APPENDIX E

MARYLAND HOUSING FUND

FINANCIAL STATEMENTS

MARYLAND HOUSING FUND

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

MARYLAND HOUSING FUND
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2017 AND 2016

INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development
Lanham, Maryland

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, 2017 and 2016, 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 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 auditors' 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, 2017 and 2016, 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

Financial Statement Presentation

As discussed in Note 1, the financial statements present only MHF 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, 2017, and the changes in its net position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 13, 2017

MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Unrestricted Current Assets:		
Deposit with State Treasurer:		
Operating Account	$ 1,017,818	$ 1,190,605
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses	-	53,601
Acquired Property	66,580	66,580
Other	981,069	765,742
Total Unrestricted Current Assets	2,065,467	2,076,528
Restricted Current Assets:		
Deposit with State Treasurer:		
Reserve Accounts	82,030,726	82,068,311
Total Restricted Current Assets	82,030,726	82,068,311
Total Current Assets	84,096,193	84,144,839
NONCURRENT ASSETS		
Investment Held for Borrower	2,173,189	2,244,344
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses and Current Portion	-	247,178
Total Noncurrent Assets	2,173,189	2,491,522
Total Assets	$ 86,269,382	$ 86,636,361

See accompanying Notes to Financial Statements

MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION
JUNE 30, 2017 AND 2016
(Continued)

	2017	2016
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 250,641	$ 261,031
Accrued Compensated Absences	52,101	14,647
Accrued Workers' Compensation	300	310
Investment Held for Borrower	290,334	325,231
Security Deposits Payable	2,468	-
Unearned Premiums	494,740	848,168
Unearned Fees	207,505	-
Allowance for Unpaid Insurance Losses	94,768	2,034,900
Total Current Liabilities	1,392,857	3,484,287
NONCURRENT LIABILITIES		
Accrued Compensated Absences, Net of Current Portion	23,454	91,532
Accrued Workers' Compensation, Net of Current Portion	1,700	1,690
Investment Held for Borrower, Net of Current Portion	2,173,189	2,244,344
Allowance for Unpaid Insurance Losses, Net of Current Portion	10,644,928	9,765,313
Total Noncurrent Liabilities	12,843,271	12,102,879
Total Liabilities	14,236,128	15,587,166
NET POSITION		
Restricted Net Position:		
Multi-Family Reserve	44,698,739	44,698,739
Single Family Regular Reserve	15,126,302	15,654,671
Revitalization (Pilot) Reserve	2,185,258	2,185,258
General Reserve	10,093,422	8,593,422
Unallocated Reserve	9,651,706	10,943,319
Total Restricted Net Position	81,755,427	82,075,409
Unrestricted Accumulated Deficit	(9,722,173)	(11,026,214)
Total Net Position	72,033,254	71,049,195
Total Liabilities and Net Position	$ 86,269,382	$ 86,636,361

See accompanying Notes to Financial Statements

MARYLAND HOUSING FUND
STATEMENTS OF REVENUES AND EXPENSES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING REVENUES		
Net Premiums	$ 1,256,095	$ 1,619,328
Interest Income on Reserves	1,151,706	943,319
Interest Income on Loans	527,507	530,403
Other Income	219,605	67,685
Total Operating Revenues	3,154,913	3,160,735
OPERATING EXPENSES		
General and Administrative	906,834	1,787,938
Direct Losses on Claims	613,276	1,295,671
Provision (Benefit) for Insurance and Loan Losses	(292,575)	288,456
Total Operating Expenses	1,227,535	3,372,065
Operating Income (Loss) before Transfers	1,927,378	(211,330)
Transfer of Funds	(943,319)	(868,580)
CHANGE IN NET POSITION	984,059	(1,079,910)
Net Position - Beginning of Year	71,049,195	72,129,105
NET POSITION - END OF YEAR	$ 72,033,254	$ 71,049,195

See accompanying Notes to Financial Statements

MARYLAND HOUSING FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Premiums, Net	$ 1,053,119	$ 1,215,348
Receipts from Loans	820,082	241,947
Receipts from Mortgage Escrows	(106,052)	248,724
Payments for Mortgage Escrows	71,155	(217,168)
Receipts from Security Deposits	2,468	-
Receipts from Miscellaneous Fees	362,110	67,685
Payments for General and Administrative Expenses	(2,008,365)	(1,750,373)
Sale Proceeds from Acquired Property	-	27,586
Payments for Claims	(613,276)	(1,295,671)
Receipts from Interest Earned on Reserves	1,151,706	943,319
Transfer to State Funded Programs	(943,319)	(868,580)
Net Cash Used by Operating Activities	(210,372)	(1,387,183)
NET DECREASE IN CASH	(210,372)	(1,387,183)
Deposit with State Treasurer, Balance - Beginning of Year	83,258,916	84,646,099
DEPOSIT WITH STATE TREASURER, BALANCE - END OF YEAR	$ 83,048,544	$ 83,258,916
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Position	$ 1,927,378	$ (211,330)
Adjustments to Reconcile Change in Net Position to Net Cash Used by Operating Activities:		
Transfer to State Funded Programs	(943,319)	(868,580)
Effects of Changes in Operating Assets and Liabilities:		
Loans and Interest Receivable	344,074	(126,946)
Acquired Property	-	27,586
Investments and Other Assets	(99,897)	31,556
Due from DHCD	(193,622)	(271,045)
Accounts Payable and Other Accrued Liabilities	(41,014)	139,395
Security Deposits Payable	2,468	-
Allowance for Unpaid Insurance Losses	(1,060,517)	(101,830)
Unearned Premiums	(353,428)	(5,989)
Unearned Fees	207,505	-
Net Cash Used by Operating Activities	$ (210,372)	$ (1,387,183)

See accompanying Notes to Financial Statements

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 in Note 8 on page 18 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.

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.

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

The Multi-Family Reserve supports several programs. All existing Multi-Family insurance insures projects financed by CDA's revenue bonds and projects with Montgomery County. 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.

- 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.

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

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.

- 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.

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 insures less than 3% of the outstanding loan balance under this program.

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

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.

- Business Loan Program provides insurance coverage and credit enhancement on loans originated by CDA or other eligible lenders to stimulate the flow of private capital to fund business projects located in publicly designated renewal or redevelopment areas. The first loan insured under this program originated during 2017.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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.

Cash and Cash Equivalents on Deposit

Cash and 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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017 and 2016, acquired property consisted of Single Family properties of $66,580.

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.

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. MHF first applies restricted resources when an expense is incurred for purposes for which those restricted and unrestricted net position is available.

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.

Premium Income Recognition

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 3 CASH AND INVESTMENTS

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.

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.

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.

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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.

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, 2017 and 2016 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.

	2017	2016
Investment held for Borrower (Obligations of U.S. Government Agencies)	$ 2,173,189	$ 2,244,344

Fair Value Measurements

MHF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Funds have the following recurring fair value measurements as of June 30, 2017:

- Investments held for Borrower, consisting of a U.S. government treasury zero-coupon bond of $2,173,189 carried at fair value based on quoted market prices (Level 1).

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:

	2017	2016
Multi-Family	$ 7,573,639	$ 7,600,499
Single Family	156,534	156,534
Other	13,950	-
Interest Receivable on Loans	10,592,208	10,112,134
	18,336,331	17,869,167
Allowance for Possible Losses on Multi-Family Loans	(7,573,639)	(7,299,720)
Allowance for Possible Losses on Single Family Loans	(156,534)	(156,534)
Allowance for Possible Losses on Other	(13,950)	-
Allowance for Possible Losses on Interest Receivable	(10,592,208)	(10,112,134)
Total Allowance for Possible Losses	(18,336,331)	(17,568,388)
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses	$ -	$ 300,779
Current Portion, Net of Allowance	$ -	$ 53,601
Noncurrent Portion, Net of Allowance	-	247,178
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses	$ -	$ 300,779

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

	2017	2016
Balance - Beginning of Year	$ 17,568,388	$ 17,048,831
Increase in Provision	767,943	519,557
Balance - End of Year	$ 18,336,331	$ 17,568,388

NOTE 5 UNEARNED PREMIUMS

The unearned premiums for the unexpired terms of all policies in force or written as of June 30, 2017 and 2016, and the changes for the years then ended were as follows:

	2017			
	Unearned Premiums at Beginning of Year	Premiums Written	Premiums Earned	Unearned Premiums at End of Year
Multi-Family Programs:				
Construction and Permanent Mortgages	$ 626,837	$ 704,771	$ 934,764	$ 396,844
SHOP Loans	25,351	42,237	42,445	25,143
Total Multi-Family Programs	652,188	747,008	977,209	421,987
Single Family Programs:				
Single Family Regular:				
Primary	89,606	155,568	172,425	72,749
Reinsurance	-	-	-	-
Revitalization (Pilot)	376	-	376	-
Community Development Administration Under Multi-Family Reserve	105,998	91	106,085	4
General	-	-	-	-
Total Single Family Programs	195,980	155,659	278,886	72,753
Total for the Year Ended June 30, 2016	$ 848,168	$ 902,667	$ 1,256,095	$ 494,740

	2016			
	Unearned Premiums at Beginning of Year	Premiums Written	Premiums Earned	Unearned Premiums at End of Year
Multi-Family Programs:				
Construction and Permanent Mortgages	$ 731,709	$ 1,439,724	$ 1,544,596	$ 626,837
SHOP Loans	32,230	44,018	50,897	25,351
Total Multi-Family Programs	763,939	1,483,742	1,595,493	652,188
Single Family Programs:				
Single Family Regular:				
Primary	89,606	-	-	89,606
Reinsurance	-	-	-	-
Revitalization (Pilot)	376	-	-	376
Community Development Administration Under Multi-Family Reserve	236	129,597	23,835	105,998
General	-	-	-	-
Total Single Family Programs	90,218	129,597	23,835	195,980
Total for the Year Ended June 30, 2015	$ 854,157	$ 1,613,339	$ 1,619,328	$ 848,168

NOTE 6 NONCURRENT OBLIGATIONS

Changes in noncurrent obligations for the years ended June 30, 2017 and 2016 were as follows:

	2017				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated Absences	$ 106,179	$ 49,897	$ (80,521)	$ 75,555	$ 52,101
Workers' Compensation	3,000	-	-	2,000	300
Investment Held for Borrower	2,569,575	105,295	(211,347)	2,463,523	290,334
Allowance for Unpaid Insurance Losses	11,800,213	125,088	(1,185,605)	10,739,696	94,767
Total for the Year Ended June 30, 2017	$ 14,478,967	$ 280,280	$ (1,477,473)	$ 13,280,774	$ 437,502

	2016				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated Absences	$ 123,169	$ 72,136	$ (89,126)	$ 106,179	$ 14,647
Workers' Compensation	3,000	-	-	3,000	310
Investment Held for Borrower	2,320,851	248,724	-	2,569,575	325,231
Allowance for Unpaid Insurance Losses	11,902,043	831,943	(933,773)	11,800,213	2,034,900
Total for the Year Ended June 30, 2016	$ 14,349,063	$ 1,152,803	$ (1,022,899)	$ 14,478,967	$ 2,375,088

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, 2017, 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.

NOTE 7 ALLOWANCE FOR UNPAID INSURANCE LOSSES (CONTINUED)

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, 2017 was appropriately established on an aggregate basis and was adequate to cover the ultimate net cost of settling reported and unreported claims.

Changes in allowance for unpaid insurance losses were as follows:

	Multi-Family	Single Family	Business	Total
Balance at June 30, 2015	$ 7,520,713	$ 4,381,330	$ -	$ 11,902,043
Increase (Decrease) in Provision	813,824	(915,654)	-	(101,830)
Balance at June 30, 2016	8,334,537	3,465,676	-	11,800,213
Increase (Decrease) in Provision	(996,684)	(106,333)	42,500	(1,060,517)
Balance at June 30, 2017	$ 7,337,853	$ 3,359,343	$ 42,500	$ 10,739,696

NOTE 8 CHANGES IN NET POSITION

Changes in restricted and unrestricted net position were as follows:

	Restricted Net Position						
	Multi-Family Reserve	Single Family Regular Reserve	Revitalization (Pilot) Reserve	General Reserve	Unallocated Reserve	Unrestricted Accumulated Deficit	Total
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
Interest Income Allocated at the Discretion of DHCD Secretary	-	-	-	-	943,319	(943,319)	-
Transfers Out to State Funded Loan Program	-	-	-	-	(868,580)	-	(868,580)
Change in Net Position	-	(1,343,789)	-	-	-	1,132,459	(211,330)
BALANCE AT JUNE 30, 2016	44,698,739	15,654,671	2,185,258	8,593,422	10,943,319	(11,026,214)	71,049,195
Interest Income Allocated at the Discretion of DHCD Secretary	-	-	-	-	1,151,706	(1,151,706)	-
Transfers Out to State Funded Loan Program	-	-	-	1,500,000	(2,443,319)	-	(943,319)
Change in Net Position	-	(528,369)	-	-	-	2,455,747	1,927,378
BALANCE AT JUNE 30, 2017	$ 44,698,739	$ 15,126,302	$ 2,185,258	$ 10,093,422	$ 9,651,706	$ (9,722,173)	$ 72,033,254

NOTE 9 COMMITMENTS AND CONTINGENCIES

Multi-Family Mortgages

MHF insured mortgage loans as of June 30, 2017, net of partial claim payments, were as follows:

	Number	Balances
CDA Construction and Permanent Mortgages	71	$ 144,524,814
Loans Financed by the Housing Opportunities Commission of Montgomery County	2	2,881,479
CDA SHOP Loans	149	15,890,368
CDA Single Family Loans Under Multi-Family Reserves	1	10,540
Total	223	$ 163,307,201

As of June 30, 2017, MHF had commitments of $1,504,917 which had not yet been drawn.

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, 2017, were as follows:

	Insured Mortgages			
	Number	Original Amount	Current Amount	Contingent Liability
Primary Insurance Coverage				
Single Family Regular				
25% Insured	1,114	$ 60,549,943	$ 23,010,048	$ 5,752,512
35% Insured	269	57,805,482	51,356,912	17,974,919
Revitalization (Pilot) Program				
100% Insured	8	252,450	128,760	128,760
2.5% Insured	313	47,575,710	41,630,732	1,040,768
General				
35% Insured	26	6,879,649	6,153,156	2,153,605
Total	1,730	$ 173,063,234	$ 122,279,608	$ 27,050,564

As of June 30, 2017, MHF had committed primary insurance coverage on 18 mortgages under the Revitalization Reserve, Healthy Neighborhood Program in the amount of $1,496,010 and is liable for 2.50%.

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

NOTE 10 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.

APPENDIX G

MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

FHA MORTGAGE INSURANCE PROGRAM,
VA HOME LOAN GUARANTY PROGRAM,
USDA/RD MORTGAGE GUARANTEE 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 guarantee 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 the MHF 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. MHF is authorized to insure mortgage loans, including mortgage loans for multifamily developments financed by public agencies such as the Administration ("Multifamily loans"), to provide primary insurance for single family mortgage loans ("Single Family loans"), and to provide credit enhancement for loans to small businesses ("Small Business 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 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 (the "Short Term Bonds") issued under the Administration's multifamily Housing Revenue Bond Resolution ("HRB"). 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 HRB. 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 HRB. 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 HRB 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. As of June 30, 2017, all loans made under the Demonstration Program have paid off.

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.

Small Business Loan Programs

Legislation was passed effective July 1, 2016, allowing MHF to provide insurance coverage and credit enhancement to loans originated by the Administration or other eligible lenders on business projects that will acquire, operate, construct or rehabilitate businesses located in publicly designated renewal or redevelopment areas. This program is governed by Sections 3-203 and 3-206 of the MHF Statute. MHF transferred $1.5 million of the Unallocated Reserve to the General Reserve to insure loans under the Small Business Loan Program. The first loan insured under this program originated during 2017.

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 (SB 983) requiring another $10 million to be transferred. Beginning in fiscal year 2010, and as codified at section 3-203(i) of the MHF Statute, 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, shall be transferred to the Department's revolving housing loan funds. During the fiscal years ending June 30, 2012, 2013, 2014, 2015, 2016 and 2017, MHF transferred $2.1 million, $1.1 million, $0.77 million, $0.88 million, $0.87 million, and $0.94 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 statement of MHF for the fiscal years ending June 30, 2016 and June 30, 2017 has been audited by CliftonLarsonAllen LLP, and the financial statements for the fiscal year ending June 30, 2015 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 currently 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 when 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, 2016, the overall equity decreased from $72,129,105 at June 30, 2015 to $71,049,195. The net decrease of ($1,079,910) is primarily due to actual losses and anticipated insurance losses on single family properties and a general reduction of administration costs allocated to MHF. During the fiscal year ending June 30, 2017, the overall equity increased from $71,049,195 at June 30, 2016 to $72,033,254. The net increase of $984,059 is primarily due to a reduction in general and administrative expenses paid by MHF for the fiscal year and the benefit of a $292,575 reduction in the allowance for insurance losses, offset by the $943,319 transfer of excess reserves to the Department's revolving housing loan funds.

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 2016, MHF paid claims directly from the reserve funds resulting in a decrease to the Unrestricted Accumulated Deficit from $11,215,354 to $11,026,214. During fiscal year 2017, the Unrestricted Accumulated Deficit further decreased from $11,026,214 to $9,722,173. This was due primarily to the reductions in expenses noted above.

Discussion of Changes in Net Position

During the fiscal year ending June 30, 2016, MHF reported a change in Net Position of ($1,079,910). This change is primarily due to single family claims paid during the fiscal year and general administrative expenses paid.

During the fiscal year ending June 30, 2017, MHF reported a Change in Net Position of $984,059. This change is primarily due to the reduction of expenses paid during the fiscal year offset by the transfer of funds to the Department's revolving housing loan funds.

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 are 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, 2017.

	Single Family	Multifamily	Business	Total
Premiums and Fees Collected[1]	$ 155,659	$ 991,031	$ 35,000	$ 1,181,690
Operating Expenses Paid[2]	(80,898)	(515,179)	(18,182)	(614,259)
Premiums Net of Operating Expenses	74,761	475,852	16,818	567,431
Claims[3]	(613,276)	-	-	(613,276)
Recoveries[4]	14,051	-	-	14,051
Net Claim Activity	(599,225)	-	-	(599,225)
Other[5]	(167,853)	26,860	-	(140,993)
Net Cash from Selected Activity	**($692,317)**	**$502,712**	**$16,818**	**($172,787)**

Notes:

(1) Premiums and credit enhancement related fees as collected.

(2) Operating expenses include salaries and benefits, general administrative and intradepartmental expenses.

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

(4) Includes proceeds collected on the sale of loans or acquired properties.

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

During the fiscal year ending June 30, 2016, the net cash activity in MHF's operating cash was ($2,420,476) for Single Family and $1,033,294 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, 2017, the net activity in MHF's operating cash was ($692,317) for Single Family and $502,712 for Multi-Family. The change in Single Family cash is due to claims paid combined with an increase in receivables relating to acquired properties and properties in the process of foreclosure. The change in Multi-Family cash is due to premiums outpacing allocated operating expenses.

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 occasionally 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 Ratio*s*

	06/30/15	06/30/16	06/30/17
Single Family Regular Program Reserve[1][2]	$ 16,998,461	$ 15,654,671	$15,126,302
Amount Available for Calculation of "Ratio of Insurance to Available Reserve[3]	16,998,461	15,654,671	15,126,302
Primary Insurance coverage in force[4]			
Insurance Agreement prior to 2005	9,045,862	7,177,309	5,752,512
Insurance Agreement post 2005	19,732,726	17,362,733	17,974,919
Pool Insurance coverage in force[5]	-	-	-
Ratio of Mortgage Loans to the Regular Reserve[6]	1.69 to 1	1.57 to 1	1.57 to 1

Notes:

(1) 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, 2017, MHF had committed no additional primary insurance coverage.

(2) 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.

(3) 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, 2017, there was no reduction in the Single Family Reserve to cover the accumulated deficit.

(4) The primary insurance coverage is 25% of the allowable claim for loans insured prior to 2005 under the Single Family Insurance Agreement ($23,010,048 at June 30, 2017). The primary insurance coverage is 35% of the allowable claim for loans insured under the 2005 Single Family Insurance Agreement ($51,356,912 at June 30, 2017).

(5) 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.

(6) 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

	06/30/15	06/30/16	06/17/17
Total Multifamily Reserve[1]	$ 44,698,739	$ 44,698,739	$ 44,698,739
Amount Available for Calculation of "Ratio of Insurance to Available Reserve"[2]	43,483,386	44,698,739	44,698,739
Insurance Outstanding			
Multifamily mortgage insurance in force	149,156,990	156,486,309	162,474,429
Ratio of Insurance to Available Reserve	3.43 to 1	3.46 to 1	3.64 to 1

Notes:
[1] 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, 2017, MHF had committed to additional mortgages in the amount of $1,504,917.

[2] 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, 2017, there was no reduction in the Multi-Family 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

Certain Additional Expected Single Family Claims

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 $94,768 as of June 30, 2017. 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 private sector real estate brokers 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, 2015, June 30, 2016 and June 30, 2017. No properties were acquired by MHF during 2016 or 2017 as the Administration elected to keep title to all acquired properties and only request MHF to pay its prorata claim amount of $1,295,671 and $613,276, respectively. The data for all of these reporting periods are subject to adjustment due to additional expenses paid and proceeds received after June 30, 2017.

Single Family Claims Experience on Acquired Properties

	06/30/2015	06/30/16	06/30/17
Recoveries on Sales of Properties Acquired Through Claims During the Fiscal Year	$ 97,406	$ 75,712	$ -
Claims Paid on Acquired Properties Sold During the Fiscal Year			
Principal	151,299	-	-
Interest	-	-	-
Expenses and Carrying Costs	-	-	-
Total Claims Paid	$ 151,299	$ -	$ -
Net Loss on Acquired Properties Sold During the Fiscal Year	$ (53,893)	$ 75,712	$ -

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.

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, 2017. 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 the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"). See the "Reinsurance Agreement" below. The final reinsured mortgage loan paid off during the fiscal year. MHF does not currently have the need to reinsure additional loans through FHLMC.

In addition to the loans listed below, as of June 30, 2017, Single Family loans financed with the proceeds of Housing Revenue Bonds of the Administration, with outstanding principal balances in the aggregate amount of $10,540, are insured under the Multifamily Reserves.

Outstanding Multifamily Insurance as of June 30, 2017

Lender	Units	No. of Loans	Original Insured Principal Amount	Current Balances
CDA permanent financing on large multi-family projects [(1)]	6,368	71	168,887,036	143,702,582
CDA Demonstration Program [(2)]		0	0	0
CDA Single-Family loans under Multi-Family Reserves	1	1	42,200	10,540
CDA Special Housing Opportunity Program (SHOP) [(3)]	488	149	21,878,370	15,890,368
Montgomery County Housing Opportunities Commission (HOC) [(4)]	168	2	10,258,000	2,788,372
TOTAL	**7,025**	**222**	**$201,065,606**	**$162,391,862**

[(1)] 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 18 counties and the City of Baltimore. The projects (not including SHOP) contain units that are assisted under the Section 8 Program.

[(2)] 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. No loans are outstanding under this program at June 30, 2017.

[(3)] Loans financed with proceeds of the Administration's Special Housing Opportunities Program.

[(4)] 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 Department 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 Department 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 factors indicate the least 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, 2017

	Current Principal Balances	Percentage of Total Principal	Number of Loans	Number of Projects
"A" Loans:[1]	325,176,881	93.16%	65	58
"B" Loans:	23,887,397	6.84%	8	7
Portfolio Totals:	$349,064,278	100.00%	73	65

Notes:

[1] Included in the 'A' Loans, in the "Current Principal Balance" column, is $15,890,368 for 149 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, 2017, 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, 2017.

In the column entitled "Claims Net of Cash Recoveries," the figures show the result as of June 30, 2017. Workouts are in progress. See the individual footnotes below for further information.

MULTIFAMILY CLAIMS PAID BY MHF
As of June 30, 2017

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

Notes:

[(1)] Claims on eight Single Family loans insured under the Multi-Family Reserve before 1980.

[(2)] Bond Street Deed of Trust Note in the original principal amount of $543,940.

[(3)] 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.

[(4)] 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.

[(5)] 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.

[(6)] Edmondale Deed of Trust Note was in the original principal amount of $508,000.

[(7)] 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.

[(8)] 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.

[(9)] 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.

[(10)] 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.

[(11)] 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.

[(12)] 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.

[(13)] 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.

[(14)] 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.

[(15)] 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.

[16] 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.

[17] 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.

[18] 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.

[19] 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.

[20] 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.

[21] 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.

[22] 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.

[23] 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.

[24] 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.

[25] 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.

[26] 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.

[27] 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.

[29] 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 Freddie Mac entered into 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 agreed to fully reinsure, without any contingent liability for MHF, 17 loans insured by MHF having an original principal balance of $70,346,036 and, as of June 30, 2017, an aggregate unpaid principal balance of $0. Ten 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 were subject to Section 8 housing assistance payments. The contracts relating to these payments were 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 could have, under the terms of the Reinsurance Agreement, required 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, The Federal National Mortgage Association (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 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 the 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:

Name	Position
Allen W. Cartwright, Jr.	Director, Division of Credit Assurance and MHF
Sergei V. Kuzmenchuk	Chief Financial Officer
Ruth Putnam	Director, Division of Finance and Administration
Robyne Chaconas	Deputy Director, Division of Finance and Administration
Crystal Quinzani	Director of MHF Finance, 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.

Sergei V. Kuzmenchuk joined the Department as its Chief Financial Officer in June of 2015 after serving as Chief Financial Officer at the District of Columbia Housing Finance Agency (the "DCHFA") since October 2008. Prior to joining the DCHFA, he served as the Department's Deputy Director of Finance for the Administration from August 2000 until January 2006, and Director of Finance for the Administration from January 2006 until October of 2008. Prior to his work at the Department and DCHFA, Mr. Kuzmenchuk worked in various financial management and international trade and banking capacities, both domestically and overseas. Mr. Kuzmenchuk earned his Master of Business Administration degree in Accounting in 2002 from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola University, and in 1995 earned a Master of Public Management degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park. In 1993, Mr. Kuzmenchuk received his Bachelor of Arts and Master of Arts degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus.

Ruth Putnam was named Director of Finance and Administration in 2015. She has been with the Department since 1990 when she joined the Department in the Budget Office. Over the past 26 years she held numerous positions within the Department from Budget Director, Director of Fiscal Planning, Director of Insurance and Accounting, Deputy Director and now Director. 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.

Robyne Chaconas was named Deputy Director of Finance and Administration in May 2016. She came to the Department from the private sector, where she worked for a financial services firm, Robert W. Baird & Co for five years. Prior to that, she was with the Department from 2006-2010, where she held several positions in the Department, including Special Assistant, Legislative Liaison, and Budget Director. She holds a Bachelor of Science degree from the University of Maryland, College Park, and a Masters in Public Administration from the University of Baltimore.

Crystal Quinzani joined the Department as Director of Financial Analysis within the Division of Finance and Administration in August, 2016. She became Director of MHF Finance on July 1, 2017. She came to the Department from the State of Florida, where she worked for the Florida Office of Financial Regulation for seven years, and was Area Financial Manager for the Division of Banking. Prior to her work with the State of Florida, she spent 16 years working in various capacities in community banks in the Orlando, Florida area. She holds a Bachelor of Arts degree in Finance from the University of Central Florida, Orlando, Florida.

Additional Information

For additional information, please contact Investor Relations at (301) 429-7897 or cdabonds_mailbox.DHCD@maryland.gov.