

Community Development Administration
Maryland Department of Housing and Community Development
Housing Revenue Bonds

**QUARTERLY 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"). The information included in this disclosure is current as of December 31, 2023 and updates the Annual Report dated October 20, 2023 which was current as of June 30, 2023 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"), the most recent of which is dated November 29, 2023 for its Housing Revenue Bonds, Series 2023 E 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.

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) 429-7897, 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, 2023 and June 30, 2022 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. Unaudited financial statements for the Fund for the six months ending December 31, 2023 are also included in Appendix A.

The financial statements for the fiscal years ending June 30, 2023 and June 30, 2022 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. Unaudited financial statements for MHF for the six months ending December 31, 2023 are also included in Appendix E.

MHF is a unit of the Division of Credit Assurance of the Department. MHF does not ensure 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 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 December 31, 2023, the Administration had outstanding (1) eighty-six Loans (as defined in the “Bond Resolution”) for seventy-one Rental Housing Developments (excluding Group Home Loans) which had a total outstanding principal balance of \$462,573,467; and (2) forty Group Home Loans having an outstanding principal balance of \$4,339,369.

The following table sets forth as of December 31, 2023 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 Group Home Loans.

Distribution of Rental Housing Developments as of December 31, 2023

| County | Number of Developments | Number of Units | Units as a Percentage of Total | Current Loan Amount | Percent of Current Loan Amount |
|------------------------|------------------------|-----------------|--------------------------------|---------------------|--------------------------------|
| Alegany County | 1 | 77 | 1.13% | 3,638,947 | 0.79% |
| Anne Arundel County | 4 | 522 | 7.67% | 17,432,348 | 3.76% |
| Baltimore City | 14 | 1,428 | 20.95% | 92,942,661 | 20.09% |
| Baltimore County | 5 | 442 | 6.49% | 28,157,946 | 6.09% |
| Calvert County | 1 | 67 | 0.98% | 3,302,819 | 0.71% |
| Caroline County | 1 | 88 | 1.29% | 1,831,926 | 0.40% |
| Carroll County | 1 | 82 | 1.20% | 3,258,916 | 0.70% |
| Cecil County | 8 | 572 | 8.40% | 28,118,366 | 6.08% |
| Frederick County | 5 | 361 | 5.30% | 46,884,094 | 10.14% |
| Harford County | 4 | 283 | 4.15% | 21,003,284 | 4.54% |
| Howard County | 5 | 411 | 6.03% | 34,623,697 | 7.49% |
| Kent County | 2 | 101 | 1.48% | 3,631,972 | 0.79% |
| Montgomery County | 4 | 415 | 6.09% | 33,707,547 | 7.29% |
| Prince George's County | 5 | 1,028 | 15.09% | 99,300,253 | 21.47% |
| Queen Anne's County | 1 | 54 | 0.79% | 6,068,345 | 1.31% |
| Somerset County | 1 | 60 | 0.88% | 1,978,344 | 0.43% |
| St. Mary's County | 1 | 128 | 1.88% | 6,113,214 | 1.32% |
| Talbot County | 2 | 168 | 2.47% | 5,042,451 | 1.09% |
| Washington County | 1 | 72 | 1.06% | 6,230,000 | 1.35% |
| Wicomico County | 4 | 354 | 5.20% | 17,766,498 | 3.83% |
| Worcester County | 1 | 100 | 1.47% | 1,539,836 | 0.33% |
| Totals: ⁽¹⁾ | 71 | 6,813 | 100.00% | \$462,573,467 | 100.00% |

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

Credit Enhancement of Rental Housing Loans

As of December 31, 2023, 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 (1) | Percent of Outstanding Loan Amount |
|----------------------|-----------------|-----------------|-----------------------------------|-----------------------------|------------------------------------|
| FNMA | 1 | 123 | 1.81% | 1,763,662 | 0.38% |
| GNMA (7) | 5 | 472 | 6.93% | 23,888,000 | 5.16% |
| RISK SHARE (2) | 77 | 6,098 | 89.50% | 435,654,799 | 94.19% |
| UNINSURED (3) | 3 | 120 | 1.76% | 1,267,005 | 0.27% |
| <i>Totals:</i> (4) | 86 | 6,813 | 100.00% | \$462,573,467 | 100.00% |

1 The "Outstanding Loan Amount" represents amortized principal balances and bond proceeds disbursed as of December 31, 2023.

2 These Loans are insured under the FHA Risk-Sharing Program. Under the program, upon payments of a claim by FHA, the Administration would 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 between FHA and the Administration; Level II reflects a 75/25 share between FHA and the Administration, with FHA assuming 75% and the Administration 25% of the potential loss). The Administration expects to receive a payment from MHF in the amount of any payment made to FHA. For more information on the FHA Risk-Sharing Program please refer to Appendix G. For more information on these Developments please refer to Appendix C.

3 Hickory Ridge was financed, in part, with an uninsured cash flow Loan and with a senior Loan which is insured under the FHA Risk-Sharing Program. Oak Grove was financed with two Loans and both Loans are uninsured.

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

5 N/A

6 N/A

7 This category includes the Selborne House development, which was not financed by a Loan or a Series of Bonds but with the proceeds of the Administration's Multifamily Development Bonds (GNMA Collateralized-Selborne House Project), Series 1996A. The Administration previously redeemed the Selborne House Bonds and transferred the related GNMA to the Series 1996A Revenue Account of the Resolution, which is pledged to the holders of the Bonds.

Housing Subsidy Payments for Rental Housing Developments

As of December 31, 2023, the multi-family rental housing developments financed by Rental Housing Loans ("Developments") received federal housing subsidy payments under the USDA Rental Assistance, Section 8, Section 236 and Section 811 programs as follows:

| Housing Subsidy Program | Numbers of Developments | Number of Units | Subsidized Units | Percentage of Units Subsidized | Outstanding Loan Amount | Percent of Outstanding Loan Amount |
|-------------------------|-------------------------|-----------------|------------------|--------------------------------|-------------------------|------------------------------------|
| None | 38 | 3,423 | 0 | 0.00% | \$264,934,467 | 57.27% |
| Section 8 (1) | 19 | 2,335 | 1,536 | 67.40% | \$158,501,672 | 34.27% |
| Section 236 | 1 | 123 | 123 | 5.40% | \$1,763,662 | 0.38% |
| USDA | 10 | 726 | 534 | 23.43% | \$24,566,378 | 5.31% |
| Section 811 | 2 | 137 | 19 | 0.83% | \$9,331,886 | 2.02% |
| Section 8, USDA | 1 | 69 | 67 | 2.94% | \$3,475,401 | 0.75% |
| TOTALS: (2) | 71 | 6,813 | 2,279 | 100.00% | \$462,573,467 | 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 contracts covering less than 100% of the units.

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

Group Home Loans

In addition to the Rental Housing Loans described above, the Administration acquired or financed Loans with the proceeds of prior Series of Bonds for 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 12/31/2023 |
|---------------------|-----------------|--------------------------------|----------------------------|------------------------------|--|--|
| Group Homes | 40 | 135 | MHF | 40 | 100.00% | 4,339,369 |

Note:

(1) "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 December 31, 2023, 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 December 31, 2023, the available balance in the Debt Service Reserve Fund was \$15,228,928 of which \$9,436,599 was cash equivalents. The fair value of investments was \$5,792,330 of which \$5,448,293 was the book value of investments and \$344,037 was the increase in fair value. The balance on deposit satisfies the Debt Service Reserve Requirement as of December 31, 2023.

General Bond Reserve Fund. As of December 31, 2023, the available balance in the General Bond Reserve Fund was \$51,602,722 of which \$34,765,741 was cash equivalents. The fair value of investments was \$16,836,981 of which \$17,146,425 was the book value of investments and \$309,443 was the decrease in fair value. 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 December 31, 2023, 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 therefore 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 therefore under the Non-Parity Series Resolution governing such series.

Outstanding Indebtedness of the Administration

See Appendix D for an update, as of January 1, 2024, 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, 2023 and June 30, 2022. Unaudited financial statements for the Fund for the six months ending December 31, 2023 are also included in Appendix A.
- 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, 2023 and June 30, 2022. Unaudited financial statements for MHF for the six months ending December 31, 2023 are also included in Appendix E.
- G Certain Information relating to the Maryland Housing Fund Insurance Program.

Date: April 1, 2024

APPENDIX A
COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS PROGRAM

FINANCIAL STATEMENTS

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

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, 2023 and 2022, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position and cash flows of 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, 2023 and 2022, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has elected to omit 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Supplemental Disclosure of Changes in Fair Value of Investments and Mortgage-Backed Securities but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2023

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF NET POSITION
(in thousands)
JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|---|------------|------------|
| RESTRICTED ASSETS | | |
| RESTRICTED CURRENT ASSETS | | |
| Cash and Cash Equivalents on Deposit | \$ 116,335 | \$ 127,688 |
| Investments | - | 10,396 |
| Mortgage-Backed Securities | 504 | 479 |
| Mortgage Loans: | | |
| Multi-Family Construction and Permanent Financing | 4,485 | 3,850 |
| Accrued Interest and Other Receivables | 2,038 | 2,168 |
| Total Restricted Current Assets | 123,362 | 144,581 |
| RESTRICTED LONG-TERM ASSETS | | |
| Investments, Net of Current Portion | 5,783 | 6,192 |
| Mortgage-Backed Securities, Net of Current Portion | 28,814 | 30,497 |
| Mortgage Loans, Net of Current Portion and Allowance: | | |
| Multi-Family Construction and Permanent Financing | 410,478 | 345,578 |
| Total Restricted Long-Term Assets | 445,075 | 382,267 |
| Total Restricted Assets | \$ 568,437 | \$ 526,848 |
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accrued Interest Payable | \$ 7,359 | \$ 5,603 |
| Accounts Payable | 120 | 189 |
| Rebate Liability | 365 | - |
| Bonds Payable | 26,268 | 19,823 |
| Deposits by Borrowers | 7,235 | 7,035 |
| Total Current Liabilities | 41,347 | 32,650 |
| LONG-TERM LIABILITIES | | |
| Rebate Liability, Net of Current Portion | 5 | 249 |
| Bonds Payable, Net of Current Portion | 436,858 | 410,871 |
| Deposits by Borrowers, Net of Current Portion | 27,179 | 23,522 |
| Total Long-Term Liabilities | 464,042 | 434,642 |
| Total Liabilities | 505,389 | 467,292 |
| NET POSITION | | |
| Restricted by Bond Indenture | 63,048 | 59,556 |
| Total Liabilities and Net Position | \$ 568,437 | \$ 526,848 |

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, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|--|------------------|------------------|
| OPERATING REVENUE | | |
| Interest on Mortgage Loans | \$ 15,682 | \$ 14,928 |
| Interest on Mortgage-Backed Securities | 1,459 | 1,457 |
| Interest Income on Investments, Net of Rebate | 3,061 | 443 |
| Decrease in Fair Value of Investments | (378) | (852) |
| Fee Income | 860 | 1,072 |
| Decrease in Provision for Loan Losses | 1 | - |
| Other Operating Revenue | 12 | 14 |
| Total Operating Revenue | <u>20,697</u> | <u>17,062</u> |
| OPERATING EXPENSES | | |
| Interest Expense on Bonds | 14,460 | 11,958 |
| Professional Fees and Other Operating Expenses | <u>580</u> | <u>702</u> |
| Total Operating Expenses | <u>15,040</u> | <u>12,660</u> |
| Operating Income | 5,657 | 4,402 |
| NONOPERATING EXPENSES | | |
| Decrease in Fair Value of Mortgage-Backed Securities | (1,165) | (723) |
| Transfer of Funds, as Permitted by the Resolution | <u>(1,000)</u> | <u>(2,000)</u> |
| CHANGE IN NET POSITION | 3,492 | 1,679 |
| NET POSITION - RESTRICTED AT BEGINNING OF YEAR | <u>59,556</u> | <u>57,877</u> |
| NET POSITION - RESTRICTED AT END OF YEAR | <u>\$ 63,048</u> | <u>\$ 59,556</u> |

See accompanying Notes to Financial Statements.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Principal and Interest Received on Mortgage Loans | \$ 26,323 | \$ 45,198 |
| Principal and Interest Received on Mortgage-Backed Securities | 1,953 | 1,821 |
| Escrow Funds Received | 13,073 | 14,956 |
| Escrow Funds Paid | (9,216) | (15,405) |
| Loan Fees Received | 860 | 1,072 |
| Purchase of Mortgage Loans | (75,766) | (54,729) |
| Purchase of Mortgage-Backed Securities | - | (3,374) |
| Professional Fees and Other Operating Expenses | (649) | (604) |
| Other Income Received | 12 | 14 |
| Other Disbursements | (48) | - |
| Net Cash Used by Operating Activities | (43,458) | (11,051) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from Maturities or Sales of Investments, Net of Cash Equivalents | 18,021 | 4,603 |
| Purchase of Investments, Net of Cash Equivalents | (7,409) | (6,033) |
| Interest Received on Investments | 2,790 | 417 |
| Net Cash Provided (Used) by Investing Activities | 13,402 | (1,013) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Proceeds from the Sale of Bonds | 60,800 | 79,250 |
| Payments on Bond Principal | (28,368) | (36,813) |
| Interest on Bonds | (12,704) | (11,642) |
| Transfers Among Funds | (1,000) | (2,000) |
| Net Cash Provided by Noncapital Financing Activities | 18,728 | 28,795 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT | (11,328) | 16,731 |
| Adjustments to Report Cash Equivalents at Fair Value: | | |
| Unamortized Investment Discount on Cash Equivalents | (26) | - |
| Increase in Fair Value on Cash Equivalents | 1 | - |
| | (25) | - |
| ADJUSTED NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT | (11,353) | 16,731 |
| CASH AND CASH EQUIVALENTS ON DEPOSIT - BEGINNING OF YEAR | 127,688 | 110,957 |
| CASH AND CASH EQUIVALENTS ON DEPOSIT - END OF YEAR | \$ 116,335 | \$ 127,688 |

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|--|-------------|-------------|
| RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 5,657 | \$ 4,402 |
| Adjustments to Reconcile Operating Income to Net Cash | | |
| Used by Operating Activities: | | |
| Amortization of Investment Premiums and Discounts | (160) | 12 |
| Decrease in Provision for Loan Losses | (1) | - |
| Decrease in Fair Value of Investments | 378 | 852 |
| Interest Received on Investments | (2,790) | (417) |
| Interest on Bonds | 12,704 | 11,642 |
| (Increase) Decrease in Assets: | | |
| Mortgage Loans | (65,534) | (23,899) |
| Mortgage-Backed Securities | 493 | (2,998) |
| Accrued Interest and Other Receivables | 130 | (682) |
| Increase (Decrease) in Liabilities: | | |
| Accrued Interest Payable | 1,756 | 316 |
| Accounts Payable | (69) | 99 |
| Rebate Liability | 121 | 71 |
| Deposits by Borrowers | 3,857 | (449) |
| Net Cash Used by Operating Activities | \$ (43,458) | \$ (11,051) |

See accompanying Notes to Financial Statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

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, 2023 and 2022, 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 (U.S. 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 Annual Comprehensive Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

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, 2023, all of the Fund's cash equivalents were invested in a money market mutual fund and U.S. Treasury Bills. As of June 30, 2022, all of the Fund's cash equivalents were invested in a money market mutual fund. Cash equivalents are 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, with the exception of State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO) which are short-term (7-day) instruments that can be tendered at 7 days' notice. 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. See Notes 4 and 12 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 12 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. 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 10 for more information.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. 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 10 for further information on changes in long-term obligations.

Rebate Liability on Investments

Regulations governing the issuance of tax-exempt debt place limitations on permitted investment yield on borrowed funds. Based on these regulations, CDA is required to periodically rebate excess earning from investments to the United States Treasury. In addition, the liability may also include an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 9.

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Code (IRC) 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 IRC. If at any time the composite yields on the transferred loans are out of compliance with the IRC, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2023 and 2022, all mortgage loan yields were in compliance with the IRC.

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.

**COMMUNITY DEVELOPMENT ADMINISTRATION
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(in thousands)
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Support

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

The employees of CDA are covered by the Maryland State Retirement and Pension System. See Note 13 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the state of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities that are held within the portfolio.

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 State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO), obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, investment agreements, money market funds, and certificates of deposit.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
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(in thousands)
JUNE 30, 2023 AND 2022**

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

The following assets, reported at fair value and held by the Fund as of June 30, 2023 and 2022, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

| Assets | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash and Cash Equivalents: | | |
| BlackRock Liquidity FedFund Administration Shares | \$ 112,091 | \$ 127,688 |
| U.S. Treasury Securities (U.S. Treasury Bills) | 4,244 | - |
| Investments: | | |
| U.S. Treasury Securities | 5,783 | 9,188 |
| State HFA VRDO | - | 7,400 |
| Mortgage-Backed Securities: | | |
| GNMA Mortgage-Backed Securities | 29,318 | 30,976 |
| Total | <u>\$ 151,436</u> | <u>\$ 175,252</u> |

Interest Rate Risk

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

As of June 30, 2023, the amortized cost, fair value, and maturities for these assets were as follows:

| Asset | Amortized Cost | Fair Value | Maturities (in Years) | | | | |
|--|-------------------|-------------------|-----------------------|-----------------|-------------|-------------|------------------|
| | | | Less Than 1 | 1-5 | 6 - 10 | 11 - 15 | More Than 15 |
| BlackRock Liquidity FedFund Administration Shares | \$ 112,091 | \$ 112,091 | \$ 112,091 | \$ - | \$ - | \$ - | \$ - |
| U.S. Treasury Securities | 9,694 | 10,027 | 4,244 | 5,783 | - | - | - |
| GNMA Mortgage-Backed Securities | 30,586 | 29,318 | - | - | - | - | 29,318 |
| Total | <u>\$ 152,371</u> | <u>\$ 151,436</u> | <u>\$ 116,335</u> | <u>\$ 5,783</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 29,318</u> |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

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

Interest Rate Risk (continued)

As of June 30, 2022, the amortized cost, fair value, and maturities for these assets were as follows:

| Asset | Amortized Cost | Fair Value | Maturities (in Years) | | | | |
|---|-------------------|-------------------|-----------------------|-----------------|-------------|-------------|------------------|
| | | | Less Than 1 | 1-5 | 6 - 10 | 11 - 15 | More Than 15 |
| BlackRock Liquidity FedFund Administration Shares | \$ 127,688 | \$ 127,688 | \$ 127,688 | \$ - | \$ - | \$ - | \$ - |
| U.S. Treasury Securities | 8,477 | 9,188 | 2,996 | 6,192 | - | - | - |
| State HFA VRDO | 7,400 | 7,400 | 7,400 | - | - | - | - |
| GNMA Mortgage-Backed Securities | 31,079 | 30,976 | - | - | - | - | 30,976 |
| Total | \$ 174,644 | \$ 175,252 | \$ 138,084 | \$ 6,192 | \$ - | \$ - | \$ 30,976 |

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. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2023 and 2022, the cost of the money market mutual fund approximated fair value.

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, 2023 and 2022, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2023 and 2022, the ratings on Housing Revenue Bonds were Aa2 by Moody's Investors Service and AA+ by Fitch Ratings. The following tables provide credit quality rating information for the investment portfolio and individual issuers, if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
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JUNE 30, 2023 AND 2022**

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

Credit Risk and Concentration of Credit Risk (continued)

The State HFA VRDO held in CDA's investment portfolio is a short-term (7-day) instrument that can be tendered at 7 days' notice at par. The rate is reset weekly by a remarketing agent; therefore, the market value of the bonds is approximately 100% of the principal amount of the bonds during any period.

As of June 30, 2023, 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 | \$ 112,091 | 74.02% | Aaa-mf | | Moody's |
| Government National Mortgage Association (GNMA) Mortgage-Backed Securities | 29,318 | 19.36% | | Direct U.S. Obligations | |
| U.S. Treasury Securities | 10,027 | 6.62% | | Direct U.S. Obligations | |

As of June 30, 2022, 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 | \$ 127,688 | 72.86% | Aaa-mf | | Moody's |
| Government National Mortgage Association (GNMA) Mortgage-Backed Securities | 30,976 | 17.68% | | Direct U.S. Obligations | |
| U.S. Treasury Securities | 9,188 | 5.24% | | Direct U.S. Obligations | |

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.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
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JUNE 30, 2023 AND 2022

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

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, 2023 and 2022, 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.

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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; and Level 3 inputs are significant unobservable inputs.

The Fund has the following recurring fair value measurements as of June 30, 2023 and 2022:

- U.S. Treasury Securities of \$10,027 and \$9,188, respectively, are valued using quoted market prices (Level 1).
- State HFA VRDO of \$0 and \$7,400, respectively, are valued using the matrix pricing technique (Level 2).
- GNMA mortgage-backed securities of \$29,318 and \$30,976, 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% of the outstanding loan amounts 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, 2023 and 2022, interest rates on such loans range from 0.88% to 6.99% and 0.55% to 6.99%, respectively, with remaining loan terms ranging from less than 1 year to 40 years. For the years ended June 30, 2023 and 2022, an allowance for loan losses in the amount of \$32 and \$33, respectively, has been established for uninsured loans.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---|----------|----------|
| Accrued Mortgage Loan Interest | \$ 1,465 | \$ 1,807 |
| Accrued Mortgage-Backed Securities Interest | 121 | 123 |
| Accrued Investment Interest | 391 | 159 |
| Prepaid expenses | 48 | - |
| Negative Arbitrage Due from Mortgagors | 13 | 79 |
| Total | \$ 2,038 | \$ 2,168 |

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%.

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022

NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2023 and bonds payable as of June 30, 2023:

| | Issue Dated | Range of Interest Rates | Range of Maturities | Bonds Payable at June 30, 2022 | Bond Activity | | | Bonds Payable at June 30, 2023 |
|-----------------------|-------------|-------------------------|---------------------|--------------------------------|------------------|-----------------------------|--------------------|--------------------------------|
| | | | | | New Bonds Issued | Scheduled Maturity Payments | Bonds Redeemed | |
| Housing Revenue Bonds | | | | | | | | |
| Series 2007 C | 12/20/07 | - | - | \$ 1,280 | \$ - | \$ (15) | \$ (1,265) | \$ - |
| Series 2012 D | 11/07/12 | - | - | 4,150 | - | (35) | (4,115) | - |
| Series 2013 A | 02/28/13 | 2.65% - 4.00% | 2023-2054 | 9,770 | - | (170) | - | 9,600 |
| Series 2013 B | 07/25/13 | - | - | 5,125 | - | (130) | (4,995) | - |
| Series 2013 E | 11/07/13 | Variable Rate | 7/1/2045 | 41,795 | - | - | - | 41,795 |
| Series 2013 F | 12/12/13 | 3.30% - 5.00% | 2023-2048 | 6,770 | - | (150) | (1,060) | 5,560 |
| Series 2014 A | 02/27/14 | 3.20% - 5.00% | 2023-2055 | 4,420 | - | (60) | (1,240) | 3,120 |
| Series 2014 B | 05/21/14 | 3.00% - 4.45% | 2023-2055 | 1,180 | - | (15) | - | 1,165 |
| Series 2014 C | 08/21/14 | 2.90% - 4.05% | 2023-2046 | 2,085 | - | (60) | - | 2,025 |
| Series 2014 D | 12/17/14 | 2.75% - 4.20% | 2023-2056 | 9,210 | - | (140) | - | 9,070 |
| Series 2015 A | 05/28/15 | 2.65% - 4.55% | 2023-2057 | 7,480 | - | (110) | - | 7,370 |
| Series 2015 B | 10/07/15 | 2.50% - 4.50% | 2023-2057 | 42,720 | - | (595) | - | 42,125 |
| Series 2016 A | 12/14/16 | 2.60% - 4.40% | 2023-2058 | 6,985 | - | (100) | - | 6,885 |
| Series 2017 A | 04/13/17 | 3.95% | 11/1/2058 | 14,328 | - | - | (163) | 14,165 |
| Series 2017 B | 05/10/17 | 3.75% | 3/1/2059 | 6,056 | - | - | (70) | 5,986 |
| Series 2017 C | 12/18/17 | 2.00% - 3.80% | 2023-2059 | 17,460 | - | (250) | - | 17,210 |
| Series 2018 A | 05/31/18 | 2.40% - 4.25% | 2023-2060 | 26,065 | - | (640) | - | 25,425 |
| Series 2019 A | 01/17/19 | 2.20% - 4.20% | 2023-2061 | 11,475 | - | (145) | - | 11,330 |
| Series 2019 B | 04/18/19 | 1.95% - 3.90% | 2023-2061 | 9,880 | - | (130) | - | 9,750 |
| Series 2019 C | 06/27/19 | 1.60% - 3.65% | 2023-2061 | 14,590 | - | (210) | - | 14,380 |
| Series 2019 D | 08/08/19 | 1.45% - 3.60% | 2023-2061 | 30,300 | - | (425) | - | 29,875 |
| Series 2019 E | 11/14/19 | 1.50% - 3.40% | 2023-2061 | 2,740 | - | (40) | - | 2,700 |
| Series 2020 A | 06/30/20 | 0.75% - 3.10% | 2023-2062 | 10,315 | - | (80) | - | 10,235 |
| Series 2020 C | 07/09/20 | 0.80% - 3.10% | 2023-2062 | 19,350 | - | (10,130) | - | 9,220 |
| Series 2020 D | 10/22/20 | 0.45% - 2.95% | 2023-2062 | 10,145 | - | (1,590) | - | 8,555 |
| Series 2020 E | 12/17/20 | 0.45% - 2.70% | 2023-2062 | 22,165 | - | (240) | - | 21,925 |
| Series 2021 A | 06/24/21 | 0.35% - 2.65% | 2024-2063 | 13,605 | - | - | - | 13,605 |
| Series 2021 B | 07/29/21 | 0.30% - 2.10% | 2023-2041 | 11,395 | - | - | - | 11,395 |
| Series 2021 C | 11/18/21 | 0.375% - 3.05% | 2023-2064 | 44,585 | - | - | - | 44,585 |
| Series 2022 A | 06/09/22 | 2.875% - 4.60% | 2024-2042 | 23,270 | - | - | - | 23,270 |
| Series 2022 B | 10/18/22 | 3.25% - 5.25% | 2024-2064 | - | 6,465 | - | - | 6,465 |
| Series 2022 C | 12/01/22 | 3.40% - 5.15% | 2025-2042 | - | 11,555 | - | - | 11,555 |
| Series 2023 A | 03/15/23 | 3.15% - 5.00% | 2024-2065 | - | 17,205 | - | - | 17,205 |
| Series 2023 B | 05/03/23 | 2.75% - 4.35% | 2025-2043 | - | 25,575 | - | - | 25,575 |
| Total | | | | \$ 430,694 | \$ 60,800 | \$ (15,460) | \$ (12,908) | \$ 463,126 |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
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NOTE 6 BONDS PAYABLE (CONTINUED)

The following is a summary of the bond activity for the year ended June 30, 2022 and bonds payable as of June 30, 2022:

| | Issue Dated | Range of Interest Rates | Range of Maturities | Bonds Payable at June 30, 2021 | Bond Activity | | | Bonds Payable at June 30, 2022 |
|-----------------------|-------------|-------------------------|---------------------|--------------------------------|------------------|-----------------------------|--------------------|--------------------------------|
| | | | | | New Bonds Issued | Scheduled Maturity Payments | Bonds Redeemed | |
| Housing Revenue Bonds | | | | | | | | |
| Series 2007 C | 12/20/07 | 5.38% | 1/1/2043 | \$ 1,310 | \$ - | \$ (30) | \$ - | \$ 1,280 |
| Series 2012 A | 07/26/12 | - | - | 8,465 | - | (130) | (8,335) | - |
| Series 2012 B | 08/30/12 | - | - | 4,080 | - | (60) | (4,020) | - |
| Series 2012 D | 11/07/12 | 2.50% - 3.875% | 2022 - 2054 | 4,220 | - | (70) | - | 4,150 |
| Series 2013 A | 02/28/13 | 2.45% - 4.00% | 2022 - 2054 | 9,930 | - | (160) | - | 9,770 |
| Series 2013 B | 07/25/13 | 3.45% - 5.15% | 2022 - 2055 | 9,155 | - | (125) | (3,905) | 5,125 |
| Series 2013 E | 11/07/13 | Variable Rate | 7/1/2045 | 41,795 | - | - | - | 41,795 |
| Series 2013 F | 12/12/13 | 3.10% - 5.00% | 2022 - 2048 | 6,910 | - | (140) | - | 6,770 |
| Series 2014 A | 02/27/14 | 2.95% - 5.00% | 2022 - 2055 | 4,480 | - | (60) | - | 4,420 |
| Series 2014 B | 05/21/14 | 2.75% - 4.45% | 2022 - 2055 | 1,195 | - | (15) | - | 1,180 |
| Series 2014 C | 08/21/14 | 2.65% - 4.05% | 2022 - 2046 | 2,140 | - | (55) | - | 2,085 |
| Series 2014 D | 12/17/14 | 2.55% - 4.20% | 2022 - 2056 | 9,350 | - | (140) | - | 9,210 |
| Series 2015 A | 05/28/15 | 2.40% - 4.55% | 2022 - 2057 | 7,590 | - | (110) | - | 7,480 |
| Series 2015 B | 10/07/15 | 2.25% - 4.50% | 2022 - 2057 | 43,300 | - | (580) | - | 42,720 |
| Series 2016 A | 12/14/16 | 2.35% - 4.40% | 2022 - 2058 | 7,085 | - | (100) | - | 6,985 |
| Series 2017 A | 04/13/17 | 3.95% | 11/1/2058 | 14,483 | - | - | (155) | 14,328 |
| Series 2017 B | 05/10/17 | 3.75% | 3/1/2059 | 6,124 | - | - | (67) | 6,057 |
| Series 2017 C | 12/18/17 | 1.90% - 3.80% | 2022 - 2059 | 17,695 | - | (235) | - | 17,460 |
| Series 2018 A | 05/31/18 | 2.35% - 4.25% | 2022 - 2060 | 26,905 | - | (840) | - | 26,065 |
| Series 2019 A | 01/17/19 | 2.05% - 4.20% | 2022 - 2061 | 11,615 | - | (140) | - | 11,475 |
| Series 2019 B | 04/18/19 | 1.85% - 3.90% | 2022 - 2061 | 10,005 | - | (125) | - | 9,880 |
| Series 2019 C | 06/27/19 | 1.50% - 3.65% | 2022 - 2061 | 19,665 | - | (5,075) | - | 14,590 |
| Series 2019 D | 08/08/19 | 1.375% - 3.60% | 2022 - 2061 | 30,440 | - | (140) | - | 30,300 |
| Series 2019 E | 11/14/19 | 1.40% - 3.40% | 2022 - 2061 | 6,020 | - | (3,280) | - | 2,740 |
| Series 2020 A | 06/30/20 | 0.65% - 3.10% | 2023 - 2062 | 10,315 | - | - | - | 10,315 |
| Series 2020 B | 06/30/20 | - | - | 5,685 | - | (5,685) | - | - |
| Series 2020 C | 07/09/20 | 0.625% - 3.10% | 2022-2062 | 19,350 | - | - | - | 19,350 |
| Series 2020 D | 10/22/20 | 0.30% - 2.95% | 2022-2062 | 11,485 | - | (1,340) | - | 10,145 |
| Series 2020 E | 12/17/20 | 0.30% - 2.70% | 2022-2062 | 23,860 | - | (1,695) | - | 22,165 |
| Series 2021 A | 06/24/21 | 0.35% - 2.65% | 2024-2063 | 13,605 | - | - | - | 13,605 |
| Series 2021 B | 07/29/21 | 0.30% - 2.10% | 2023-2041 | - | 11,395 | - | - | 11,395 |
| Series 2021 C | 11/18/21 | 0.375% - 3.05% | 2023-2064 | - | 44,585 | - | - | 44,585 |
| Series 2022 A | 06/09/22 | 2.875% - 4.60% | 2024-2042 | - | 23,270 | - | - | 23,270 |
| Total | | | | <u>\$ 388,257</u> | <u>\$ 79,250</u> | <u>\$ (20,330)</u> | <u>\$ (16,483)</u> | <u>\$ 430,694</u> |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

NOTE 7 DEBT SERVICE REQUIREMENTS

As of June 30, 2023, the required principal payments for bonds (including mandatory sinking fund payments, mandatory payments and prepayments from 2017A and 2017B loans and special redemptions that occurred subsequent to June 30, 2023) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

| <u>Year Ending June 30,</u> | <u>Interest</u> | <u>Principal</u> |
|-----------------------------|-------------------|-------------------|
| 2024 | \$ 15,787 | \$ 26,268 |
| 2025 | 15,652 | 28,039 |
| 2026 | 15,000 | 9,335 |
| 2027 | 14,811 | 5,842 |
| 2028 | 14,669 | 5,974 |
| 2029 - 2033 | 70,853 | 31,167 |
| 2034 - 2038 | 65,563 | 37,208 |
| 2039 - 2043 | 56,982 | 95,448 |
| 2044 - 2048 | 34,869 | 86,205 |
| 2049 - 2053 | 21,582 | 49,757 |
| 2054 - 2058 | 11,422 | 54,698 |
| 2059 - 2063 | 2,831 | 30,925 |
| 2064 - 2065 | 100 | 2,260 |
| Total | <u>\$ 340,121</u> | <u>\$ 463,126</u> |

As of June 30, 2022, the required principal payments for bonds (including mandatory sinking fund payments, mandatory payments and prepayments from 2017A and 2017B loans, and special and optional redemptions that occurred subsequent to June 30, 2022) and interest payments for each of the next five years and in five-year increments thereafter, were as follows:

| <u>Year Ending June 30,</u> | <u>Interest</u> | <u>Principal</u> |
|-----------------------------|-------------------|-------------------|
| 2023 | \$ 12,392 | \$ 19,823 |
| 2024 | 12,887 | 17,363 |
| 2025 | 12,519 | 13,754 |
| 2026 | 12,377 | 5,545 |
| 2027 | 12,249 | 5,647 |
| 2028 - 2032 | 58,918 | 30,166 |
| 2033 - 2037 | 53,912 | 35,106 |
| 2038 - 2042 | 47,191 | 76,144 |
| 2043 - 2047 | 33,113 | 84,059 |
| 2048 - 2052 | 22,480 | 48,104 |
| 2053 - 2057 | 12,687 | 54,784 |
| 2058 - 2062 | 3,532 | 36,294 |
| 2063 - 2065 | 109 | 3,905 |
| Total | <u>\$ 294,366</u> | <u>\$ 430,694</u> |

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, 2023 and 2022, 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.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

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. There were no bond refundings for the years ended June 30, 2023 and 2022.

NOTE 9 REBATE LIABILITY

In accordance with the Internal Revenue Code (IRC), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the IRC. The IRC requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses, and Changes in Net Position is reduced by the rebate liability due to excess investment earnings. For the years ended June 30, 2023 and 2022, the rebate liability was \$370 and \$249, respectively.

| | 2023 | 2022 |
|--|--------|--------|
| Beginning Rebate Liability | \$ 249 | \$ 178 |
| Change in Estimated Liability Due to Excess Earnings (Calculated as of Computation Period Ending 6/30/23 and 1/1/22) | 121 | 71 |
| Ending Rebate Liability | \$ 370 | \$ 249 |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022**

NOTE 10 LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2023 and 2022 were as follows:

| | 2023 | 2022 |
|---------------------------------------|------------|------------|
| Rebate Liability: | | |
| Beginning Balance at June 30 | \$ 249 | \$ 178 |
| Additions | 121 | 71 |
| Ending Balance at June 30 | 370 | 249 |
| Less: Due Within One Year | (365) | - |
| Total Long-Term Rebate Liability | 5 | 249 |
| Bonds Payable: | | |
| Beginning Balance at June 30 | 430,694 | 388,257 |
| Additions | 60,800 | 79,250 |
| Reductions | (28,368) | (36,813) |
| Ending Balance at June 30 | 463,126 | 430,694 |
| Less: Due Within One Year | (26,268) | (19,823) |
| Total Long-Term Bonds Payable | 436,858 | 410,871 |
| Deposits by Borrowers: | | |
| Beginning Balance at June 30 | 30,557 | 31,006 |
| Additions | 13,073 | 14,956 |
| Reductions | (9,216) | (15,405) |
| Ending Balance at June 30 | 34,414 | 30,557 |
| Less: Due Within One Year | (7,235) | (7,035) |
| Total Long-Term Deposits by Borrowers | 27,179 | 23,522 |
| Total Long-Term Liabilities | \$ 464,042 | \$ 434,642 |

NOTE 11 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, 2023 and 2022, the Fund transferred the following amounts, as permitted, among Funds:

| | 2023 | 2022 |
|---|------------|------------|
| Excess Revenue Transferred to the General Bond Reserve Fund | \$ (1,000) | \$ (2,000) |

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
(in thousands)
JUNE 30, 2023 AND 2022

NOTE 12 MORTGAGE INSURANCE

Approximately 99% of the Fund's outstanding loan amounts 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.

NOTE 13 PENSION AND OTHER POSTRETIREMENT 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 postemployment 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 Annual Comprehensive 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.maryland.gov.

NOTE 14 SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2023, CDA redeemed \$6,195 of Series 2013 E Housing Revenue Bonds on July 7, 2023.

CDA also issued \$25,880 of Series 2023 C Housing Revenue Bonds on July 27, 2023 and \$29,920 of Series 2023 D Housing Revenue Bonds on September 28, 2023.

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF
INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
JUNE 30, 2023 AND 2022**

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 (U.S. Treasury Securities) held by the Fund as of June 30, 2023, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Increases/ Decreases</u> | <u>Cumulative Total</u> |
|-----------------------------------|--|-----------------------------|
| 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 |
| 2018 | (454) | 1,450 |
| 2019 | 276 | 1,726 |
| 2020 | 330 | 2,056 |
| 2021 | (493) | 1,563 |
| 2022 | (852) | 711 |
| 2023 | (378) | 333 |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS
SUPPLEMENTAL DISCLOSURE OF CHANGES IN FAIR VALUE OF
INVESTMENTS AND MORTGAGE-BACKED SECURITIES (CONTINUED)
(in thousands)
JUNE 30, 2023 AND 2022**

For mortgage-backed securities held by the Fund as of June 30, 2023, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

| <u>Fiscal Year Ended June 30,</u> | <u>Annual Increases/ Decreases</u> | <u>Cumulative Total</u> |
|-----------------------------------|--|-----------------------------|
| 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 |
| 2018 | (1,920) | 724 |
| 2019 | (705) | 19 |
| 2020 | (33) | (14) |
| 2021 | 634 | 620 |
| 2022 | (723) | (103) |
| 2023 | (1,165) | (1,268) |

**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

**Unaudited Interim Financial Statements
For the six month period ended
December 31, 2023**

Community Development Administration
Housing Revenue Bonds

Statements of Net Position
(in thousands)

As of December 31, 2023 and June 30, 2023

| | 12/31/2023 | 6/30/2023 |
|--|--------------------|------------------|
| | (Unaudited) | (Audited) |
| Restricted assets | | |
| Restricted current assets | | |
| Cash and cash equivalents on deposit | \$ 152,492 | \$ 116,335 |
| Mortgage-backed securities | 417 | 504 |
| Multi-family mortgage loans | 10,751 | 4,485 |
| Accrued interest and other receivables | 2,246 | 2,038 |
| Total restricted current assets | 165,906 | 123,362 |
| Restricted long-term assets | | |
| Investments | 5,792 | 5,783 |
| Mortgage-backed securities, net of current portion | 22,084 | 28,814 |
| Multi-family mortgage loans, net of current portion and allowance | 432,242 | 410,478 |
| Total restricted long-term assets | 460,118 | 445,075 |
| Total restricted assets | \$ 626,024 | \$ 568,437 |
| Liabilities and net position | | |
| Current liabilities | | |
| Accrued interest payable | \$ 8,335 | \$ 7,359 |
| Accounts payable | 94 | 120 |
| Rebate liability | - | 365 |
| Bonds payable | 31,828 | 26,268 |
| Deposits by borrowers | 6,207 | 7,235 |
| Total current liabilities | 46,464 | 41,347 |
| Long-term liabilities | | |
| Rebate liability, net of current portion | 5 | 5 |
| Bonds payable, net of current portion | 483,458 | 436,858 |
| Deposits by borrowers, net of current portion | 28,989 | 27,179 |
| Total long-term liabilities | 512,452 | 464,042 |
| Total liabilities | 558,916 | 505,389 |
| Net position | | |
| Restricted | 67,108 | 63,048 |
| Total liabilities and net position | \$ 626,024 | \$ 568,437 |

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Statements of Revenue, Expenses and Changes in Net Position
(in thousands)

For the six months ended December 31, 2023 and December 31, 2022

| | 12/31/2023 (Unaudited) | 12/31/2022 (Unaudited) |
|--|---|---|
| Operating revenue | | |
| Interest on mortgage loans | \$ 8,973 | \$ 7,670 |
| Interest on mortgage-backed securities | 708 | 733 |
| Interest income on investments, net of rebate | 2,681 | 1,109 |
| Increase (decrease) in fair value of investments | 10 | (283) |
| Fee income | 891 | 256 |
| Other operating revenue | 2 | 11 |
| Total Operating Revenue | 13,265 | 9,496 |
| Operating expenses | | |
| Interest expense on bonds | 8,825 | 6,804 |
| Professional fees and other operating expenses | 260 | 285 |
| Total Operating Expenses | 9,085 | 7,089 |
| Operating income | 4,180 | 2,407 |
| Nonoperating expenses | | |
| Decrease in fair value of mortgage-backed securities | (120) | (1,046) |
| Change in net position | 4,060 | 1,361 |
| Net position - restricted at beginning of period | 63,048 | 59,556 |
| Net position - restricted at end of period | \$ 67,108 | \$ 60,917 |

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Statements of Cash Flows
(in thousands)

For the six months ended December 31, 2023 and December 31, 2022

| | 12/31/2023 | 12/31/2022 |
|--|--------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Principal and interest received on mortgage loans | \$ 15,182 | \$ 11,650 |
| Principal and interest received on mortgage-backed securities | 7,438 | 977 |
| Escrow funds received | 7,788 | 5,728 |
| Escrow funds paid | (7,006) | (6,038) |
| Loan fees received | 891 | 256 |
| Purchase of mortgage loans | (34,357) | (32,366) |
| Professional fees and other operating expenses | (249) | (386) |
| Other income received | 2 | 11 |
| Other reimbursements | 7 | - |
| Net cash from operating activities | <u>(10,304)</u> | <u>(20,168)</u> |
| Cash flows from investing activities | | |
| Proceeds from maturities or sale of investments | 3,535 | 7,400 |
| Purchases of investments | (3,499) | (5,000) |
| Interest received on investments | 2,089 | 1,031 |
| Net cash from investing activities | <u>2,125</u> | <u>3,431</u> |
| Cash flows from noncapital financing activities | | |
| Proceeds from sale of bonds | 70,405 | 18,020 |
| Payments on bond principal | (18,245) | (25,080) |
| Interest on bonds | (7,849) | (6,020) |
| Net cash from noncapital financing activities | <u>44,311</u> | <u>(13,080)</u> |
| Net increase (decrease) in cash and cash equivalents on deposit | 36,132 | (29,817) |
| Adjustments to Report Cash Equivalents at Fair Value: | | |
| Amortized Investment Discount on Cash Equivalents | 26 | - |
| Reversal of Increase in Fair Value on Cash Equivalents | (1) | - |
| Adjusted net increase (decrease) in cash and cash equivalents on deposit | <u>36,157</u> | <u>(29,817)</u> |
| Cash and cash equivalents on deposit at beginning of period | 116,335 | 127,688 |
| Cash and cash equivalents on deposit at end of period | <u>\$ 152,492</u> | <u>\$ 97,871</u> |

(continued)

Community Development Administration
Housing Revenue Bonds

Statements of Cash Flows - continued
(in thousands)

For the six months ended December 31, 2023 and December 31, 2022

| | 12/31/2023 | 12/31/2022 |
|---|--------------------|--------------------|
| | (Unaudited) | (Unaudited) |
| Reconciliation of operating income to net cash from operating activities | | |
| Operating income | \$ 4,180 | \$ 2,407 |
| Adjustments to reconcile operating income to net cash from operating activities | | |
| Amortization of investment premiums and discounts | (60) | (16) |
| (Increase) decrease in fair value of investments | (10) | 283 |
| Interest received on investments | (2,089) | (1,031) |
| Interest on bonds | 7,849 | 6,020 |
| (Increase) decrease in assets | | |
| Mortgage loans | (28,030) | (28,846) |
| Mortgage-backed securities | 6,697 | 243 |
| Accrued interest and other receivables | (208) | 318 |
| Increase (decrease) in liabilities | | |
| Accrued interest payable | 976 | 784 |
| Accounts payable | (26) | (102) |
| Rebate liability | (365) | 82 |
| Deposits by borrowers | 782 | (310) |
| Net cash from operating activities | \$ (10,304) | \$ (20,168) |

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Notes to Unaudited Interim Financial Statements
(in thousands)

December 31, 2023

1. Basis of Presentation:

In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Housing Revenue Bonds present fairly the financial position at December 31, 2023 and the results of its operations for the six months ended December 31, 2023 and December 31, 2022. These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The December 31, 2023 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2023 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

2. Investments and Mortgage-backed Securities:

In accordance with GASB Statement No. 31, CDA reflects investments and mortgage-backed securities at fair value.

Investments

As of December 31, 2023, the fair value of investments was \$5,792 of which \$5,449 was the cost of these investments and \$343 was the cumulative increase in fair value. For the six months ended December 31, 2023, the fair value of investments increased by \$10.

Mortgage-backed Securities

As of December 31, 2023, the fair value of mortgage-backed securities was \$22,501 of which \$23,889 was the cost of these mortgage-backed securities and \$1,388 was the cumulative decrease in fair value. For the six months ended December 31, 2023, the fair value of mortgage-backed securities decreased by \$120.

3. Mortgage-backed Securities and Mortgage Loans:

During the six months ended December 31, 2023, CDA purchased mortgage-backed securities and multi-family mortgage loans in the amount of \$0 and \$34,357, respectively.

4. Bonds Payable:

On July 7, 2023, CDA redeemed, prior to maturity, \$6,195 of Housing Revenue Bonds.

On July 27, 2023, CDA issued \$25,880 of Housing Revenue Bonds Series 2023 C with interest rates from 3.30% to 4.80% and maturity dates from August 1, 2025 to July 1, 2065.

On September 28, 2023, CDA issued \$29,920 of Housing Revenue Bonds Series 2023 D with interest rates from 3.50% to 5.00% and maturity dates from January 1, 2026 to January 1, 2066.

On December 14, 2023, CDA issued \$14,605 of Housing Revenue Bonds Series 2023 E with interest rates from 3.60% to 4.75% and maturity dates from January 1, 2026 to July 1, 2043.

On December 18, 2023, CDA redeemed, prior to maturity, \$6,455 of Housing Revenue Bonds.

(continued)

Community Development Administration
Housing Revenue Bonds

Notes to Unaudited Interim Financial Statements - continued
(in thousands)

December 31, 2023

5. Subsequent Events:

On February 29, 2024 and March 25, 2024, CDA redeemed, prior to maturity, \$5,200 and \$915, respectively, of Housing Revenue Bonds.

On March 21, 2024, CDA issued \$14,765 of Housing Revenue Bonds Series 2024 A with interest rates from 3.15% to 4.85% and maturity dates from May 1, 2026 to July 1, 2066.

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) | Credit Enhancement | Original Loan Term (Months) | Remaining Loan Term (Months) | Interest Rate | Original Mortgage Loan Balance Amount | Scheduled Loan Balance as of 12/31/2023 | Current Loan Balance as of 12/31/2023 | Reserve For Replacements as of 12/31/2023 | Occupancy (2) | Inspection Rating (3) | Bond Series |
|----------------------------------|---------------|---------------------|--|-----------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|------------------------------|---------------|---------------------------------------|---|---------------------------------------|---|---------------|-----------------------|-------------|
| Alcott Place Apt | 15, 22 | Baltimore City | Alcott Place,LLC | None | 51 | 0 | 0 | RISK SHARE | 480 | 377 | 4.95% | \$1,270,000 | \$1,162,064 | \$1,162,064 | \$34,066 | 92% | Above Average | HRB2014B |
| Brookmeadow Apts. | 4, 11, 15, 22 | Kent County | Brookmeadow Preservation, LP | USDA | 67 | 43 | 0 | RISK SHARE | 480 | 480 | 3.38% | \$2,660,000 | \$2,660,000 | \$2,660,000 | \$146,186 | 99% | Pending | HRB2021C |
| Brookside Station | 4, 15, 22 | Harford County | Pax Edwards, LLC | USDA | 56 | 39 | 0 | RISK SHARE | 480 | 405 | 4.60% | \$2,840,000 | \$2,661,043 | \$2,661,043 | \$234,763 | 94% | Satisfactory | HRB2016A |
| Canton Overlook | 9, 11, 15, 21 | Baltimore City | Canton Overlook Partnership LLC | None | 150 | 0 | 0 | RISK SHARE | 204 | 204 | 5.14% | \$17,330,000 | \$17,330,000 | \$17,330,000 | \$0 | 0% | New Const. | HRB2022A |
| Canton Overlook | 9, 11, 15 | Baltimore City | Canton Overlook Partnership LLC | None | 0 | 0 | 0 | RISK SHARE | 23 | 6 | 3.25% | \$5,375,000 | \$5,375,000 | \$5,375,000 | \$0 | | | HRB2022A |
| Catoctin View Apts. | 6, 7 | Frederick County | Catoctin View Homes, LLC | Section 8 | 76 | 76 | 0 | GNMA | 480 | 457 | 3.48% | \$10,315,000 | \$10,079,358 | \$10,079,358 | \$0 | 97% | Above Average | HRB2020A |
| Cherry Hill Senior | 9, 11, 15, 22 | Baltimore City | Cherry Hill Senior Housing Preservation, LLC | Section 8 | 81 | 60 | 0 | RISK SHARE | 480 | 480 | 5.68% | \$3,610,000 | \$3,285,351 | \$3,285,351 | \$0 | 0% | Under Const. | HRB2023A |
| Cherry Hill Senior | 9, 11, 15, 22 | Baltimore City | Cherry Hill Senior Housing Preservation, LLC | Section 8 | 0 | 0 | 0 | RISK SHARE | 18 | 10 | 3.575% | \$5,590,000 | \$5,590,000 | \$5,590,000 | \$0 | | | HRB2023A |
| Chestertown Cove Apts. | 4, 15, 22 | Kent County | Chestertown Cove Perservation, LP | USDA | 34 | 31 | 0 | RISK SHARE | 480 | 412 | 4.60% | \$1,030,000 | \$971,972 | \$971,972 | \$303,515 | 91% | Satisfactory | HRB2016A |
| Coleman Manor Apartments | 6, 7 | Baltimore City | Homes for Wallbrook Limited Partner | Section 8 | 50 | 49 | 480 | GNMA | 480 | 293 | 5.41% | \$1,126,400 | \$932,524 | \$932,524 | \$0 | 88% | Above Average | HRB2007A |
| Cottages at River House Phase IV | 15, 22 | Wicomico County | Blackburn Housing IV LP | None | 36 | 0 | 0 | RISK SHARE | 480 | 390 | 4.60% | \$1,990,000 | \$1,834,911 | \$1,834,911 | \$82,897 | 94% | Above Average | HRB2015A |
| Crestwood Manor 4 | 9, 11, 15, 21 | Frederick County | Crestwood Apts. | None | 60 | 0 | 0 | RISK SHARE | 204 | 204 | 5.87% | \$9,095,000 | \$9,095,000 | \$9,095,000 | \$0 | 0% | New Const. | HRB2022C |
| Crestwood Manor 4 | 9, 11, 15 | Frederick County | Crestwood Apts. | None | 0 | 0 | 0 | RISK SHARE | 25 | 13 | 3.775% | \$2,135,000 | \$0 | \$0 | \$0 | | | HRB2022C |
| Eagle Park Vistas | 9, 11, 15, 22 | Anne Arundel County | Eagle Park Senior LLC | None | 72 | 0 | 0 | RISK SHARE | 480 | 480 | 5.32% | \$6,555,000 | \$1,817,961 | \$1,817,961 | \$0 | 0% | New Const. | HRB2023C |
| Eagle Park Vistas | 9, 11, 15, 22 | Anne Arundel County | Eagle Park Senior LLC | None | 0 | 0 | 0 | RISK SHARE | 24 | 20 | 3.775% | \$6,350,000 | \$0 | \$0 | \$0 | | | HRB2023C |
| Elk Chase Apts. | 9, 11, 15, 21 | Cecil County | Elk Chase Preservation LLC | None | 126 | 0 | 0 | RISK SHARE | 204 | 204 | 5.09% | \$7,820,000 | \$5,128,310 | \$5,128,310 | \$0 | 0% | Under Const. | HRB2023C |
| Elk Chase Apts. | 9, 11, 15 | Cecil County | Elk Chase Preservation LLC | None | 0 | 0 | 0 | RISK SHARE | 24 | 20 | 3.775% | \$4,680,000 | \$0 | \$0 | \$0 | | | HRB2023C |
| Elk River Manor | 4, 15, 22 | Cecil County | New Elk River Manor, LLC | USDA | 55 | 25 | 0 | RISK SHARE | 480 | 420 | 4.20% | \$1,750,000 | \$1,656,170 | \$1,656,170 | \$86,501 | 100% | Above Average | HRB2017C |
| Essex House Apartments | 15, 22 | Montgomery County | Essex House,LLC | None | 135 | 0 | 0 | RISK SHARE | 480 | 376 | 5.20% | \$10,855,000 | \$9,970,486 | \$9,970,486 | \$166,012 | 96% | Satisfactory | HRB2013F |
| Fairbrooke Senior Apts | 15, 22 | Harford County | MD HA Fairbrooke LLC | Section 8 | 122 | 24 | 0 | RISK SHARE | 480 | 382 | 4.34% | \$6,525,000 | \$5,930,261 | \$5,930,261 | \$248,990 | 90% | Above Average | HRB2014D |
| Fairview Apartments | 15, 22 | Cecil County | Fairview Preservation, LLC | None | 75 | 0 | 0 | RISK SHARE | 480 | 461 | 3.32% | \$5,540,000 | \$5,432,074 | \$5,432,074 | \$36,818 | 98% | Above Average | HRB2020D |

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) | Credit Enhancement | Original Loan Term (Months) | Remaining Loan Term (Months) | Interest Rate | Original Mortgage Loan Balance Amount | Scheduled Loan Balance as of 12/31/2023 | Current Loan Balance as of 12/31/2023 | Reserve For Replacements as of 12/31/2023 | Occupancy (2) | Inspection Rating (3) | Bond Series |
|------------------------------------|------------------|---------------------|--|-------------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|------------------------------|---------------|---------------------------------------|---|---------------------------------------|---|---------------|-----------------------|-------------|
| Federalsburg Square | 4, 15, 22 | Caroline County | Federalsburg Square LLC | USDA | 88 | 70 | 0 | RISK SHARE | 480 | 397 | 4.50% | \$1,975,000 | \$1,831,926 | \$1,831,926 | \$88,601 | 94% | Satisfactory | HRB2015B |
| Freetown Village | 8, 15, 22 | Anne Arundel County | Whitaker Homes LP | Section 8 | 190 | 153 | 0 | RISK SHARE | 480 | 431 | 4.65% | \$9,930,000 | \$9,546,356 | \$9,546,356 | \$489,057 | 97% | Satisfactory | HRB2018A |
| Greenside Apts. | 4, 9, 11, 15, 22 | Washington County | Greenside Acquisition, LLC | USDA | 72 | 72 | 0 | RISK SHARE | 480 | 480 | 6.08% | \$3,360,000 | \$3,360,000 | \$3,360,000 | \$0 | 100% | Under Const. | HRB2022B |
| Greenside Apts. | 4, 9, 11, 15, 22 | Washington County | Greenside Acquisition, LLC | USDA | 0 | 0 | 0 | RISK SHARE | 18 | 5 | 3.625% | \$2,870,000 | \$2,870,000 | \$2,870,000 | \$0 | | | HRB2022B |
| Hamilton Station | 15, 22 | Frederick County | Hamilton Station LLC | None | 80 | 0 | 0 | RISK SHARE | 480 | 469 | 3.00% | \$13,300,000 | \$13,140,029 | \$13,140,029 | \$22,431 | 97% | Satisfactory | HRB2021A |
| Henrietta Lacks Village III | 15, 22 | Baltimore County | Lyon Homes III Preservation LLC | Section 8 | 36 | 4 | 0 | RISK SHARE | 480 | 461 | 3.03% | \$3,415,000 | \$3,343,829 | \$3,343,829 | \$17,674 | 100% | Satisfactory | HRB2020E |
| Heritage Homes | 8, 9, 11, 15, 22 | Anne Arundel County | Heritage Homes, LP | Section 8 | 182 | 182 | 0 | RISK SHARE | 480 | 480 | 5.48% | \$12,125,000 | \$0 | \$0 | \$0 | 0% | Under Const. | HRB2023D |
| Heritage Homes | 8, 9, 11, 15, 22 | Anne Arundel County | Heritage Homes, LP | Section 8 | 0 | 0 | 0 | RISK SHARE | 27 | 25 | 3.875% | \$17,375,000 | \$3,008,317 | \$3,008,317 | \$0 | | | HRB2023D |
| Hickory Ridge Place II | 16, 20 | Howard County | RF Hickory Ridge Limited Partnership | None | 0 | 0 | 0 | UNINSURED | 480 | 460 | 4.00% | \$354,661 | \$348,466 | \$348,466 | \$0 | | | HRB2018A |
| Hickory Ridge Place | 15, 22 | Howard County | RF Hickory Ridge Limited Partnership | Section 8 | 108 | 108 | 0 | RISK SHARE | 480 | 459 | 3.03% | \$20,700,000 | \$20,221,976 | \$20,221,976 | \$243,268 | 98% | Above Average | HRB2020E |
| Hillside Park Apts. | 8, 15, 22 | Baltimore City | HSP2, LLC | Section 8 | 94 | 30 | 0 | RISK SHARE | 480 | 421 | 4.20% | \$4,195,000 | \$3,974,224 | \$3,974,224 | \$320,072 | 99% | Satisfactory | HRB2017C |
| Homes at Gateway Village | 9, 11, 15, 22 | Wicomico County | Homes at Gateway Village Limited Partnership | None | 156 | 0 | 0 | RISK SHARE | 480 | 480 | 3.38% | \$6,750,000 | \$5,750,000 | \$5,750,000 | \$0 | 99% | Under Const. | HRB2021C |
| Homes at Gateway Village | 9, 11, 15, 22 | Wicomico County | Homes at Gateway Village Limited Partnership | None | 0 | 0 | 0 | RISK SHARE | 26 | 2 | 0.98% | \$5,200,000 | \$4,422,000 | \$4,422,000 | \$0 | | | HRB2021C |
| Homes on Quaker Lane | 15, 22 | Montgomery County | Homes on Quaker Lane Limited Partnership | None | 80 | 0 | 0 | RISK SHARE | 480 | 438 | 4.55% | \$7,610,000 | \$7,355,462 | \$7,355,462 | \$86,090 | 100% | Above Average | HRB2019A |
| Ivy Hills | 15, 22 | Harford County | Ivy Hills Partnership, LLC | None | 37 | 0 | 0 | RISK SHARE | 480 | 446 | 3.80% | \$3,140,000 | \$3,039,937 | \$3,039,937 | \$84,658 | 97% | Satisfactory | HRB2019E |
| Leonard Apartments | 4, 15, 22 | Wicomico County | Booth Street Limited Partnership | USDA | 66 | 58 | 0 | RISK SHARE | 360 | 249 | 4.93% | \$1,295,000 | \$1,073,883 | \$1,073,883 | \$253,827 | 97% | Satisfactory | HRB2013B |
| Little Patuxent | 9, 11, 15, 21 | Anne Arundel County | Little Patuxent Senior, LLC | Section 8 | 78 | 18 | 0 | RISK SHARE | 204 | 204 | 5.33% | \$11,800,000 | \$3,059,714 | \$3,059,714 | \$0 | 0% | New Const. | HRB2023E |
| Little Patuxent | 9, 11, 15 | Anne Arundel County | Little Patuxent Senior, LLC | Section 8 | 0 | 0 | 0 | RISK SHARE | 24 | | 3.975% | \$2,410,000 | \$0 | \$0 | \$0 | | | HRB2023E |
| Manhattan Park Apartments - Part A | 4, 6, 7, 23 | Baltimore City | The Manhattan Park Apts., LP | Section 236 | 123 | 123 | 108 | FNMA | 360 | 170 | 6.46% | \$2,520,000 | \$1,763,662 | \$1,763,662 | \$0 | 96% | Satisfactory | HRB2006B |
| McElderry | 15, 22 | Baltimore City | 1234 McElderry LLC | Section 8 | 104 | 50 | 0 | RISK SHARE | 480 | 446 | 3.95% | \$12,500,000 | \$12,115,426 | \$12,115,426 | \$92,424 | 94% | Satisfactory | HRB2019C |

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Multifamily Projects

| Name | Footnote | Location | Owner/ Developer | Subsidy | No. of Units (5) | No. of Subsidized Units | Total Subsidy Term (Months) | Credit Enhancement | Original Loan Term (Months) | Remaining Loan Term (Months) | Interest Rate | Original Mortgage Loan Balance Amount | Scheduled Loan Balance as of 12/31/2023 | Current Loan Balance as of 12/31/2023 | Reserve For Replacements as of 12/31/2023 | Occupancy (2) | Inspection Rating (3) | Bond Series |
|------------------------------------|---------------|------------------------|-------------------------------|-------------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|------------------------------|---------------|---------------------------------------|---|---------------------------------------|---|---------------|-----------------------|-------------|
| Merion Village Senior Apts. | 9, 11, 15, 21 | Harford County | Merion Village, LLC | None | 68 | 0 | 0 | RISK SHARE | 204 | 204 | 4.895% | \$8,275,000 | \$8,275,000 | \$8,275,000 | \$0 | 0% | New Const. | HRB2023B |
| Merion Village Senior Apts. | 9, 11, 15 | Harford County | Merion Village, LLC | None | 0 | 0 | 0 | RISK SHARE | 24 | 18 | 3.125% | \$3,595,000 | \$1,097,043 | \$1,097,043 | \$0 | | | HRB2023B |
| Merritt Station II | 9, 11, 15, 21 | Baltimore County | Merritt Station II, LLC | None | 84 | 0 | 0 | RISK SHARE | 204 | 204 | 4.895% | \$9,440,000 | \$8,344,008 | \$8,344,008 | \$0 | 0% | New Const. | HRB2023B |
| Merritt Station II | 9, 11, 15 | Baltimore County | Merritt Station II, LLC | None | 0 | 0 | 0 | RISK SHARE | 26 | 20 | 3.125% | \$3,710,000 | \$0 | \$0 | \$0 | | | HRB2023B |
| Mount Jezreel | 10, 15, 22 | Montgomery County | Mt. Jezreel Senior LLC | None | 75 | 0 | 0 | RISK SHARE | 480 | 417 | 4.42% | \$7,120,000 | \$6,736,581 | \$6,736,581 | \$87,589 | 99% | Above Average | HRB2017A |
| Mulberry Hills Apts. I | 4, 15 | Talbot County | Mulberry Estates, LLLP | USDA | 128 | 63 | 0 | RISK SHARE | 480 | 359 | 4.27% | \$4,500,000 | \$3,963,203 | \$3,963,203 | \$340,276 | 94% | Above Average | HRB2012B |
| North Street Senior Apartments | 15, 22 | Cecil County | TCB North Street Senior, LLC | None | 53 | 0 | 0 | RISK SHARE | 480 | 376 | 5.20% | \$1,450,000 | \$1,331,847 | \$1,331,847 | \$83,377 | 93% | Above Average | HRB2013F |
| Oak Grove Manor | 20 | Baltimore County | Oak Grove Associates, LLC | None | 120 | 0 | 0 | UNINSURED | 480 | 256 | 4.00% | \$139,494 | \$100,291 | \$100,291 | \$0 | 98% | Satisfactory | HRB2018A |
| Oak Grove Manor II | 17, 20 | Baltimore County | Oak Grove Associates, LLC | None | 0 | 0 | 0 | UNINSURED | 456 | 249 | 4.00% | \$1,110,506 | \$818,248 | \$818,248 | \$0 | 98% | Satisfactory | HRB2018A |
| Orchard Ridge IV | 15 | Baltimore City | Orchard Ridge Rental IV, LLC | Section 8 | 64 | 20 | 480 | RISK SHARE | 480 | 374 | 5.75% | \$4,185,000 | \$3,875,421 | \$3,875,421 | \$159,489 | 92% | Satisfactory | HRB2013D |
| Park View at Colonial Landing -200 | 15 | Howard County | Colonial Development, LLLP | None | 100 | 0 | 0 | RISK SHARE | 480 | 357 | 4.00% | \$4,700,000 | \$4,096,626 | \$4,096,626 | \$316,878 | 98% | Satisfactory | HRB2012D |
| Park View at Ellicott City I | 15, 22 | Howard County | Ellicott LLLP | None | 81 | 0 | 0 | RISK SHARE | 480 | 381 | 4.34% | \$3,535,000 | \$3,208,882 | \$3,208,882 | \$176,023 | 98% | Above Average | HRB2014D |
| Park View at Laurel II | 15, 22 | Prince George's County | Laurel II LLLP | None | 105 | 0 | 0 | RISK SHARE | 480 | 373 | 5.10% | \$4,805,000 | \$4,390,527 | \$4,390,527 | \$288,524 | 92% | Satisfactory | HRB2014A |
| Parkview Manor | 15, 22 | Prince George's County | MHP Parkview Manor LLC | Section 811 | 53 | 11 | 0 | RISK SHARE | 480 | 427 | 4.65% | \$3,130,000 | \$2,998,152 | \$2,998,152 | \$86,119 | 92% | Above Average | HRB2018A |
| Parkview Towers Apts. | 15 | Montgomery County | MHP Parkview Towers, L.P. | None | 125 | 0 | 0 | RISK SHARE | 480 | 365 | 4.05% | \$10,925,000 | \$9,645,018 | \$9,645,018 | \$167,556 | 96% | Below Average | HRB2013A |
| Parkway Overlook 4 | 11, 15, 21 | Baltimore City | Parkway Overlook Apts. 4, LLC | None | 118 | 0 | 0 | RISK SHARE | 204 | 194 | 2.62% | \$11,160,000 | \$11,026,896 | \$11,026,896 | \$30,016 | 96% | Pending | HRB2021B |
| Perry Point | 10, 15, 22 | Cecil County | HELP Perry Point LP | Section 8 | 75 | 75 | 0 | RISK SHARE | 480 | 422 | 4.23% | \$6,265,000 | \$5,943,661 | \$5,943,661 | \$169,119 | 89% | Above Average | HRB2017B |
| Pikeswood Park Apts | 15 | Baltimore County | Osprey Property Co. LLC | None | 140 | 0 | 0 | RISK SHARE | 480 | 356 | 4.40% | \$9,340,000 | \$8,220,978 | \$8,220,978 | \$163,262 | 96% | Above Average | HRB2012A |
| Poppleton Place Apts Part I | 6, 7 | Baltimore City | Poppleton Partners, LP | Section 8 | 123 | 123 | 480 | GNMA | 480 | 291 | 5.55% | \$4,425,000 | \$3,670,200 | \$3,670,200 | \$0 | 98% | Above Average | HRB2006D |
| Renaissance Row Apts. | 15, 22 | Baltimore City | Renaissance Row, LLC | Section 811 | 84 | 8 | 0 | RISK SHARE | 480 | 463 | 3.54% | \$6,440,000 | \$6,333,734 | \$6,333,734 | \$42,949 | 98% | Satisfactory | HRB2020C |
| Richmond Hill Pointe | 15, 22 | Cecil County | Richmond Hill Redevelopment | None | 48 | 0 | 0 | RISK SHARE | 480 | 368 | 5.21% | \$2,545,000 | \$2,317,954 | \$2,317,954 | \$78,345 | 90% | Satisfactory | HRB2013B |

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Multifamily Projects

| Name | Footnote | Location | Owner/ Developer | Subsidy | No. of Units (5) | No. of Subsidized Units | Total Subsidy Term (Months) | Credit Enhancement | Original Loan Term (Months) | Remaining Loan Term (Months) | Interest Rate | Original Mortgage Loan Balance Amount | Scheduled Loan Balance as of 12/31/2023 | Current Loan Balance as of 12/31/2023 | Reserve For Replacements as of 12/31/2023 | Occupancy (2) | Inspection Rating (3) | Bond Series |
|---|---------------|---------------------|--|-------------------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|------------------------------|---------------|---------------------------------------|---|---------------------------------------|---|---------------|-----------------------|-------------|
| River Bend Court | 15, 22 | Allegany County | River Bend Court, LP | Section 8 | 77 | 77 | 0 | RISK SHARE | 480 | 463 | 3.54% | \$3,700,000 | \$3,638,947 | \$3,638,947 | \$35,522 | 99% | Above Average | HRB2020C |
| Riverfront Townhomes | 15, 22 | Baltimore City | RF2, LLC | None | 126 | 0 | 0 | RISK SHARE | 480 | 422 | 4.20% | \$6,175,000 | \$5,856,105 | \$5,856,105 | \$487,955 | 99% | Satisfactory | HRB2017C |
| Riverwoods at St. Michaels | 15, 22 | Talbot County | Riverwoods St. Michaels, LLC | None | 40 | 0 | 0 | RISK SHARE | 480 | 370 | 5.75% | \$1,170,000 | \$1,079,248 | \$1,079,248 | \$94,247 | 88% | Above Average | HRB2013D |
| Ruscombe Gardens Apartments | 6, 7 | Baltimore City | Evergreen Partners | Section 8 | 151 | 150 | 480 | GNMA | 420 | 295 | 5.39% | \$8,882,979 | \$7,684,916 | \$7,684,916 | \$0 | 96% | Below Average | HRB2007A |
| Samuel Chase Apartments | 4, 15, 22 | Somerset County | Green Street Housing, LLC | USDA | 60 | 57 | 0 | RISK SHARE | 360 | 261 | 4.35% | \$2,390,000 | \$1,978,344 | \$1,978,344 | \$429,100 | 98% | Satisfactory | HRB2014C |
| Schumaker Place Apts. | 15, 22 | Wicomico County | Schumaker Preservation Associates, LLC | None | 96 | 0 | 0 | RISK SHARE | 480 | 441 | 4.55% | \$4,835,000 | \$4,685,704 | \$4,685,704 | \$305,130 | 95% | Satisfactory | HRB2019A |
| Selborne | 6, 7, 13 | Howard County | Dorsey-Selborne Limited Partnership | None | 72 | 0 | 0 | GNMA | 480 | 452 | 6.175% | \$1,631,980 | \$1,521,001 | \$1,521,001 | \$0 | 100% | Satisfactory | HRB2013D |
| Shalom Square | 15, 22 | Howard County | Shalom Heritage Limited Partnership | Section 8 | 50 | 50 | 0 | RISK SHARE | 480 | 424 | 4.20% | \$5,500,000 | \$5,226,747 | \$5,226,747 | \$128,351 | 100% | Above Average | HRB2017C |
| Sharpe Square | 15, 22 | Frederick County | Sharpe Square Pax Buckeye, LLC | None | 86 | 0 | 0 | RISK SHARE | 480 | 441 | 4.25% | \$10,940,000 | \$10,577,163 | \$10,577,163 | \$87,786 | 94% | Above Average | HRB2019B |
| Slippery Hill Senior | 9, 11, 15, 21 | Queen Anne's County | Slippery Hill III, LP | None | 54 | 0 | 0 | RISK SHARE | 204 | 204 | 5.47% | \$4,535,000 | \$4,535,000 | \$4,535,000 | \$0 | 0% | New Const. | HRB2023A |
| Slippery Hill Senior | 9, 11, 15 | Queen Anne's County | Slippery Hill III, LP | None | 0 | 0 | 0 | RISK SHARE | 24 | 16 | 3.575% | \$3,195,000 | \$1,533,345 | \$1,533,345 | \$0 | | | HRB2023A |
| Southern Pines II | 15, 22 | Calvert County | SP II Apartments, LLC | None | 67 | 0 | 0 | RISK SHARE | 480 | 412 | 4.60% | \$3,500,000 | \$3,302,819 | \$3,302,819 | \$123,522 | 94% | Above Average | HRB2016A |
| Spring Valley Apts | 15 | St. Mary's County | Spring Valley Workforce Housing | None | 128 | 0 | 0 | RISK SHARE | 480 | 371 | 5.21% | \$6,690,000 | \$6,113,214 | \$6,113,214 | \$498,916 | 91% | Satisfactory | HRB2013B |
| Springford Gardens Apts. & School House Apts. | 4, 15, 22 | Cecil County | Spring School Presersation, LP | USDA Section 8 | 69 | 67 | 0 | RISK SHARE | 480 | 442 | 3.95% | \$3,600,000 | \$3,475,401 | \$3,475,401 | \$114,387 | 96% | Satisfactory | HRB2019C |
| Towns at Woodfield | 10, 15, 22 | Baltimore County | Dogwood Towns, LLC | None | 62 | 0 | 0 | RISK SHARE | 480 | 418 | 4.42% | \$7,740,000 | \$7,330,592 | \$7,330,592 | \$85,976 | 95% | Satisfactory | HRB2017A |
| Tremont Place | 11, 15, 21 | Carroll County | Tremont Acquisition, LLC | None | 82 | 0 | 0 | RISK SHARE | 204 | 198 | 3.06% | \$3,280,000 | \$3,258,916 | \$3,258,916 | \$12,415 | 100% | Pending | HRB2021C |
| Victoria Estates | 4, 15, 22 | Worcester County | Victoria Estates LLC | USDA | 100 | 76 | 0 | RISK SHARE | 480 | 390 | 4.60% | \$1,670,000 | \$1,539,836 | \$1,539,836 | \$274,314 | 93% | Satisfactory | HRB2015A |
| Villas at Whitehall | 15, 22 | Cecil County | Whitehall Preservation Associates, LLC | None | 71 | 0 | 0 | RISK SHARE | 480 | 464 | 3.32% | \$2,880,000 | \$2,832,950 | \$2,832,950 | \$100,970 | 99% | Above Average | HRB2020D |
| Weinberg Manor Apts | 15 | Baltimore City | Weinberg Manor West, LP | Section 8 | 109 | 108 | 360 | RISK SHARE | 360 | 191 | 6.99% | \$3,880,000 | \$2,967,137 | \$2,967,137 | \$124,440 | 98% | Above Average | HRB2008D |
| Windsor Gardens | 15, 22 | Frederick County | Homes for Frederick LP | Section 8 | 59 | 58 | 0 | RISK SHARE | 480 | 390 | 4.60% | \$4,330,000 | \$3,992,544 | \$3,992,544 | \$88,290 | 93% | Below Average | HRB2015A |

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| Name | Footnote | Location | Owner/ Developer | Subsidy | No. of Units (5) | No. of Subsidized Units | Total Subsidy Term (Months) | Credit Enhancement | Original Loan Term (Months) | Remaining Loan Term (Months) | Interest Rate | Original Mortgage Loan Balance Amount | Scheduled Loan Balance as of 12/31/2023 | Current Loan Balance as of 12/31/2023 | Reserve For Replacements as of 12/31/2023 | Occupancy (2) | Inspection Rating (3) | Bond Series |
|--------------------------|---------------|------------------------|------------------------------|-----------|------------------|-------------------------|-----------------------------|--------------------|-----------------------------|------------------------------|---------------|---------------------------------------|---|---------------------------------------|---|---------------|-----------------------|-------------|
| Woodland Springs | 15, 22 | Prince George's County | Woodland Springs, LP | Section 8 | 506 | 121 | 0 | RISK SHARE | 480 | 403 | 4.50% | \$43,290,000 | \$40,414,762 | \$40,414,762 | \$758,869 | 91% | Satisfactory | HRB2015B |
| Woodlands at Reid Temple | 15, 22 | Prince George's County | Woodlands at Reid Temple, LP | None | 252 | 0 | 0 | RISK SHARE | 480 | 449 | 3.90% | \$33,750,000 | \$32,796,811 | \$32,796,811 | \$252,749 | 98% | Above Average | HRB2019D |
| Woodyard Station | 9, 11, 15, 21 | Prince George's County | Woodyard Station 4, LLC | None | 112 | 0 | 0 | RISK SHARE | 204 | 204 | 3.07% | \$15,500,000 | \$15,500,000 | \$15,500,000 | \$0 | 100% | New Const. | HRB2021C |
| Woodyard Station | 9, 11, 15 | Prince George's County | Woodyard Station 4, LLC | None | 0 | 0 | 0 | RISK SHARE | 30 | 6 | 0.98% | \$3,200,000 | \$3,200,000 | \$3,200,000 | \$0 | | | HRB2021C |
| Totals: (1) | | | | | 6,813 | 2,279 | | | | | | \$554,326,020 | \$462,573,467 | \$462,573,467 | \$9,230,309 | | | |

- 1 Amounts and percentages may not total exactly due to the rounding.
- 2 Generally, as of December 31, 2023.
- 3 The Inspection Rating is based on the most recent rating available to the Administration as of December 31, 2023 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 "Under Const." are in the process of being leased up and would not require inspection.
- 4 Includes original and all renewal terms. Section 236 contract terms are coterminous with applicable Loan term. 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 or FNMA loans is 0.25% less than the interest rate shown in the chart because the GNMA or FNMA Servicer deducts and retains a fee in that amount.
- 7 For loans enhanced by FNMA or GNMA, the Reserve for Replacement Accounts are held by the lender.
- 8 Section 8 subsidy is being provided under the Rental Assistance Demonstration Program (RAD). See Official Statement, Appendix G - "Federal Housing Section 8 Program".
- 9 Refer to Table C-3, "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 N/A
- 13 No Series of Bonds financed the Selborne House development. The Selborne House development was financed with the proceeds of the Administration's Multifamily Development Revenue Bonds (GNMA Collateralized-Selborne House Project), Series 1999A. The Administration previously redeemed the Selborne House Bonds and transferred the related GNMA to the Series 1996A Revenue Account of the Resolution, which is pledged to the holders of the Bonds.
- 14 N/A
- 15 Insured under the FHA Risk Sharing program. See Official Statement, Appendix G - "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS - FHA RISK SHARING PROGRAM".
- 16 On December 17, 2020, the Hickory Ridge Apts. II loan was modified from a cash flow loan to an amortizing, subordinate loan with a 40-year term.
- 17 This is a cash flow loan. Interest and principal on this loan are due and payable in consecutive annual installments in an amount equal to the lesser of Surplus Cash (as defined in the cash flow loan documents) or the scheduled payment. This cash flow loan is in second position and the Reserve for Replacements is held by the first lien holder. Oak Grove's first lien loan is an amortizing loan.
- 18 N/A
- 19 N/A
- 20 These loans were originally issued under Housing Revenue Bond 1996 A. In May, 2018, a portion of Housing Revenue Bonds, Series 2018 A proceeds were used to fully refund the Administration's Housing Revenue Bonds, Series 1996 A. These loans financed the following Developments: Hickory Ridge Apts II, Oak Grove Manor and Oak Grove Manor II. These projects were transferred to Housing Revenue Bonds, Series 2018 A.
- 21 The principal balance of the permanent Loan for this Development is structured to amortize over the Original Loan Term set forth in this table, subject to an early, lump-sum balloon payment. Currently, balloon payment maturity dates for applicable Loans are 17 years from the beginning of the Original Loan Term.
- 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 N/A

**Table C-2 as of December 31, 2023
SUSTAINABILITY BONDS REPORT***

| Development Name (New Construction/ Rehabilitation) | Development Location | 4% LIHTC Allocated | Anticipated Population Served or Elected % AMI | Environmental Attributes | Bond Proceeds Disbursed (\$) as of December 31, 2023 | Bond Proceeds Disbursed (%) as of December 31, 2023 |
|---|---|--------------------------|---|---|--|---|
| Homes at Gateway Village | Salisbury, Wicomico County, 21801 | Yes | 156 Units / All units are expected to be reserved for households at or below 30%, 50% and 60% of area median income. | Energy Star windows and appliances, EPA Water Sense faucets and bath fixtures, high efficiency mechanical systems with programmable thermostats | \$10,172,000 | 85.12% |
| Canton Overlook | Baltimore City, MD 21224 | Yes | 150 Units / 60% AMI | Energy Star Certification, National Green Building Standards: Silver Certification, Energy Star windows, appliances and light fixtures, water conserving faucets and fixtures, high efficiency 15-SEER mechanical systems | \$22,705,000 | 100.00% |
| Crestwood Manor 4 | Frederick County, MD 21703 | Yes | 60 Units / 60% AMI | Energy Star Certification, Energy Star windows, appliances and light fixtures, EPA Water Sense faucets and fixtures, high efficiency 15-SEER mechanical systems | \$9,095,000 | 80.99% |
| Cherry Hill Senior | Baltimore City, MD 21225 | Yes | 81 Units / All but 1 unit are expected to be reserved for households at or below 30% and 50% of area median income. | Energy Star Certification, National Green Building Standards: Silver Certification, Energy Star windows, appliances, and light fixtures, EPA Water Sense faucets and fixtures, high efficiency 15-SEER mechanical systems | \$8,875,351 | 96.47% |
| Slippery Hill Senior | Queenstown, Queen Anne's County, MD 21658 | Yes | 54 Units / All units are expected to be reserved for households at or below 30%, 50%, 60% and 80% of area median income. | Energy Star Certification, National Green Building Standards: Bronze Certification, Energy Star windows, appliances, and light fixtures, EPA Water Sense faucets and fixtures, high efficiency 15-SEER mechanical systems | \$6,068,345 | 78.50% |
| Merion Village Senior Apts. | Edgewood, Harford County, MD 21040 | Yes | 68 Units / 60% AMI | Energy Star Certification, Energy Star windows, appliances, and light fixtures, EPA Water Sense faucets and fixtures | \$9,372,043 | 78.96% |
| Merritt Station II | Dundalk, Baltimore County, MD 21222 | Yes | 84 Units / All units are expected to be reserved for households at or below 50% and 60% of area median income. | Energy Star Certification, National Green Building Standards: Bronze Certification, Energy Star windows, appliances, and light fixtures, EPA Water Sense faucets and fixtures, high efficiency 11-SEER, 3.30-COP mechanical systems | \$8,344,008 | 63.45% |
| Eagle Park Vistas | Hanover, Anne Arundel County, MD 21076 | Yes | 72 Units / 60% AMI | Energy Star Certification, National Green Building Standards: Bronze Certification, Energy Star windows, appliances, and light fixtures | \$1,817,961 | 14.09% |
| Elk Chase Apts. | Elkton, Cecil County, MD 21921 | Yes | 126 Units / All units are expected to be reserved for households at or below 30%, 50% and 60% of area median income. | Energy Star windows, appliances, and light fixtures, Water Sense bathroom faucets and fixtures, targeting 20% improvement in energy savings | \$5,128,310 | 41.03% |
| Heritage Homes | Glen Burnie, Anne Arundel County, MD 21061 and Odenton, Anne Arundel County, MD 21113 | Yes | 182 Units / All units are expected to be reserved for households at or below 30%, 50% and 60% of area median income. | Energy Star appliances, and light fixtures, EPA Water Sense faucets and fixtures, high efficiency 19-SEER, mechanical systems | \$3,008,317 | 10.20% |
| Little Patuxent | Gambrills, Anne Arundel County, MD 21054 | Yes | 78 Units / All units are expected to be reserved for households at or below 30%, 50%, 60% and 80% of area median income. | National Green Building Standards: Bronze Certification, Energy Star windows, appliances, and light fixtures, EPA Water Sense faucets and fixtures, and high efficiency mechanical systems | \$3,059,714 | 21.53% |

*Once all related bond proceeds have been disbursed, no further annual updates will be provided.

Table C-3 as of December 31, 2023

HRB Series - Letters of Credit

Negative Arbitrage Letters of Credit

| Series | Project | LOC Bank | LOC # | Amount | Expiration |
|---------------|--------------------------|-----------------------|--------------|---------------|-------------------|
| HRB2021C | Homes at Gateway Village | Truist Bank | 75000209 | \$ 491,000 | 2/1/2024 |
| HRB2021C | Woodyard Station | Truist Bank | 75000211 | \$ 1,043,229 | 6/1/2024 |
| HRB2022A | Canton Overlook | Truist Bank | 75000410 | \$ 1,642,322 | 6/1/2024 |
| HRB2022B | Greenside | Truist Bank | 75000459 | \$ 264,766 | 5/1/2024 |
| HRB2022C | Crestwood | Truist Bank | 75000727 | \$ 768,530 | 1/1/2025 |
| HRB2023A | Slippery Hill | Truist Bank | 75001084 | \$ 242,281 | 4/1/2025 |
| HRB2023A | Cherry Hill | TriState Capital Bank | 801291 | \$ 190,342 | 3/9/2024 |
| HRB2023B | Merritt Station II | Truist Bank | 75001185 | \$ 395,837 | 8/1/2025 |
| HRB2023B | Merion Village | Truist Bank | 75001186 | \$ 323,001 | 6/1/2025 |
| HRB 2023C | Elk Chase | TD Bank | 20010247 | \$ 399,246 | 7/24/2024 |
| HRB 2023C | Eagle Park | Truist Bank | 75001408 | \$ 406,276 | 8/1/2025 |
| HRB 2023D | Heritage Homes | Truist Bank | 75001740 | \$ 1,041,346 | 1/1/2026 |
| HRB 2023E | Little Patuxent | Truist Bank | 75000437 | \$ 588,146 | 1/1/2026 |

Table C-4, Loans and Developments in Default

As of December 31, 2023, 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 January 1, 2024.

| | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|-----------------------------------|--------------------------|---------------------------|--------------------------|-------------------------------|
| Housing Revenue Bonds | | | | |
| Series 2013 A | 2013 | 7/1/2054 | \$ 10,925,000 | \$ 9,430,000 |
| Series 2013 E | 2013 | 7/1/2045 | 41,795,000 | 29,145,000 (2)(4) |
| Series 2013 F | 2013 | 7/1/2055 | 16,255,000 | 5,405,000 |
| Series 2014 A | 2014 | 1/1/2055 | 4,805,000 | 3,060,000 |
| Series 2014 B | 2014 | 7/1/2055 | 3,790,000 | 1,145,000 |
| Series 2014 C | 2014 | 1/1/2046 | 3,700,000 | 1,965,000 |
| Series 2014 D | 2014 | 1/1/2056 | 10,060,000 | 8,925,000 |
| Series 2015 A | 2015 | 1/1/2057 | 13,395,000 | 7,260,000 |
| Series 2015 B | 2015 | 7/1/2057 | 48,200,000 | 41,515,000 |
| Series 2016 A | 2016 | 7/1/2058 | 15,730,000 | 6,785,000 |
| Series 2017 A | 2017 | 11/1/2058 | 18,720,000 | 14,067,175 (8) |
| Series 2017 B | 2017 | 3/1/2059 | 12,000,000 | 5,943,663 (8) |
| Series 2017 C | 2017 | 7/1/2059 | 28,755,000 | 16,960,000 |
| Series 2018 A | 2018 | 1/1/2060 | 42,430,000 | 24,905,000 |
| Series 2019 A | 2019 | 1/1/2061 | 14,715,000 | 11,180,000 |
| Series 2019 B | 2019 | 1/1/2061 | 10,040,000 | 9,620,000 |
| Series 2019 C | 2019 | 7/1/2061 | 19,665,000 | 14,170,000 |
| Series 2019 D | 2019 | 7/1/2061 | 30,440,000 | 29,445,000 |
| Series 2019 E | 2019 | 7/1/2061 | 6,020,000 | 2,660,000 |
| Series 2020 A | 2020 | 7/1/2062 | 10,315,000 | 10,075,000 |
| Series 2020 C | 2020 | 7/1/2062 | 19,350,000 | 9,080,000 |
| Series 2020 D | 2020 | 7/1/2062 | 11,485,000 | 8,415,000 |
| Series 2020 E | 2020 | 7/1/2062 | 23,860,000 | 21,555,000 |
| Series 2021 A | 2021 | 7/1/2063 | 13,605,000 | 13,515,000 |
| Series 2021 B | 2021 | 1/1/2041 | 11,395,000 | 11,240,000 |
| Series 2021 C | 2021 | 7/1/2064 | 44,585,000 | 37,215,000 |
| Series 2022 A | 2022 | 1/1/2042 | 23,270,000 | 23,270,000 |
| Series 2022 B | 2022 | 7/1/2064 | 6,465,000 | 6,465,000 |
| Series 2022 C | 2022 | 7/1/2042 | 11,555,000 | 11,555,000 |
| Series 2023 A | 2023 | 1/1/2065 | 17,205,000 | 17,205,000 |
| Series 2023 B | 2023 | 7/1/2043 | 25,575,000 | 25,575,000 |
| Series 2023 C | 2023 | 7/1/2065 | 25,880,000 | 25,880,000 |
| Series 2023 D | 2023 | 1/1/2066 | 29,920,000 | 29,920,000 |
| Series 2023 E | 2023 | 7/1/2043 | 14,605,000 | 14,605,000 |
| Total Housing Revenue Bonds | | | <u>\$ 640,510,000</u> | <u>\$ 509,155,838</u> |

Other Outstanding Bonds of the Administration

The following table sets forth certain information relating to Bonds issued by the Administration under its other programs and outstanding as of January 1, 2024.

| | | | | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> | |
|---|--------|-----|--------------------------|---------------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Multi-Family Mortgage Revenue Bonds | | | | | | | | |
| Series | 2010 | A | (New Issue) | 2010 | 7/1/2030 | \$ 8,410,000 | \$ 3,730,000 | |
| 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 | 3,310,000 | |
| Series | 2009 | A-2 | (Released Program Bonds) | 2010 | 7/1/2051 | 6,610,000 | 1,940,000 | |
| Series | 2009 | A-3 | (Released Program Bonds) | 2010 | 1/1/2044 | 5,410,000 | 4,235,000 (5) | |
| Series | 2010 | D | (New Issue) | 2010 | 1/1/2035 | 6,880,000 | 3,630,000 | |
| Series | 2009 | A-4 | (Released Program Bonds) | 2010 | 7/1/2051 | 10,760,000 | 10,760,000 | |
| Series | 2011 | A | (New Issue) | 2011 | 7/1/2026 | 2,190,000 | 480,000 | |
| 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 | 1,160,000 | |
| 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 | 10,565,000 | |
| 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 | \$ 109,070,000 | |
| | | | | <u>Effective Bond Yield</u> | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
| Residential Revenue Bonds | | | | | | | | |
| 2006 | Series | G | | (2) | 2006 | 9/1/2040 | \$ 40,000,000 | \$ 10,735,000 (1) |
| 2006 | Series | J | | (2) | 2006 | 9/1/2040 | 60,000,000 | 40,635,000 (1) |
| 2012 | Series | B | | (2) | 2012 | 9/1/2033 | 45,000,000 | 44,580,000 (1)(3) |
| 2014 | Series | B | | 3.095548% | 2014 | 9/1/2044 | 35,565,000 | 1,205,000 (1) |
| 2014 | Series | C | | 3.369241% | 2014 | 9/1/2044 | 47,960,000 | 13,120,000 (1) |
| 2014 | Series | D | | 3.245679% | 2014 | 9/1/2036 | 23,885,000 | 1,525,000 (1) |
| 2014 | Series | E | | 3.395849% | 2014 | 9/1/2040 | 53,205,000 | 12,520,000 (1)(3) |
| 2014 | Series | F | | (2) | 2014 | 9/1/2044 | 25,000,000 | 23,770,000 (3) |
| 2015 | Series | A | | 3.379090% | 2015 | 9/1/2045 | 24,235,000 | 2,250,000 (1) |
| 2015 | Series | B | | 3.565720% | 2015 | 9/1/2041 | 67,190,000 | 4,255,000 (1)(3) |
| 2016 | Series | A | | 3.401702% | 2016 | 9/1/2047 | 325,800,000 | 163,340,000 (1)(3) |
| 2017 | Series | A | | 3.734510% | 2017 | 9/1/2048 | 263,060,000 | 99,010,000 (1)(3) |
| 2018 | Series | A | | 3.958382% | 2018 | 9/1/2048 | 239,565,000 | 36,810,000 (1) |
| 2018 | Series | B | | 3.958382% | 2018 | 9/1/2048 | 40,435,000 | 19,265,000 (1) |
| 2019 | Series | A | | 3.650455% | 2019 | 9/1/2049 | 140,000,000 | 39,880,000 (1) |
| 2019 | Series | B | | 3.277965% | 2019 | 9/1/2049 | 210,000,000 | 123,880,000 (1) |
| 2019 | Series | C | | 2.940750% | 2019 | 3/1/2050 | 319,580,000 | 230,985,000 (1) |
| 2019 | Series | D | | 2.898117% | 2019 | 3/1/2050 | 27,490,000 | 12,465,000 (1)(3) |
| 2020 | Series | A | | 2.753368% | 2020 | 3/1/2050 | 130,750,000 | 103,530,000 (1) |
| 2020 | Series | D | | 2.344036% | 2020 | 9/1/2050 | 160,000,000 | 134,320,000 (1) |
| 2021 | Series | A | | 2.117790% | 2021 | 9/1/2051 | 197,725,000 | 176,165,000 (1) |
| 2021 | Series | B | | 2.235000% | 2021 | 9/1/2051 | 170,000,000 | 155,155,000 (1) |
| 2021 | Series | C | | 2.509600% | 2021 | 9/1/2051 | 221,770,000 | 216,685,000 (1) |
| 2021 | Series | D | | 1.620900% | 2021 | 3/1/2027 | 30,000,000 | 22,070,000 (1)(3) |
| 2022 | Series | A | | 4.708570% | 2022 | 9/1/2052 | 111,625,000 | 110,370,000 (1) |
| 2022 | Series | B | | 4.354550% | 2022 | 9/1/2034 | 37,375,000 | 34,915,000 (1)(3) |
| 2022 | Series | C | | 4.740098% | 2022 | 3/1/2053 | 98,720,000 | 96,960,000 (1)(3) |
| 2022 | Series | D | | 5.173272% | 2022 | 3/1/2053 | 100,000,000 | 99,180,000 (1) |
| 2022 | Series | E | | 4.329130% | 2022 | 3/1/2053 | 261,103,000 | 141,103,000 (9) |
| 2023 | Series | A | | 5.100551% | 2023 | 9/1/2053 | 60,000,000 | 60,000,000 (1) |
| 2023 | Series | B | | 5.100551% | 2023 | 9/1/2053 | 90,000,000 | 90,000,000 (1)(3) |
| 2023 | Series | C | | 4.720410% | 2023 | 9/1/2054 | 115,000,000 | 115,000,000 (1) |
| 2023 | Series | D | | 5.683140% | 2023 | 9/1/2053 | 185,000,000 | 185,000,000 (1)(3) |

Other Outstanding Bonds of the Administration

| | | | | | | |
|---|-----------|--------------------------|---------------------------|--------------------------|-------------------------------|--------|
| 2023 Series E | 5.335730% | 2023 | 3/1/2054 | 75,000,000 | 75,000,000 | (1) |
| 2023 Series F | 6.330970% | 2023 | 9/1/2053 | 325,000,000 | 325,000,000 | (1)(3) |
| 2023 Series G | 4.638650% | 2023 | 3/1/2054 | 199,567,912 | 199,567,912 | (10) |
| Total Residential Revenue Bonds | | | | \$ 4,556,605,912 | \$ 3,220,250,912 | |
| | | Year of Issue | Final Maturity | Amount Issued | Amount Outstanding | |
| Single Family Housing Revenue Bonds | | | | | | |
| 2013 Series A (Pass-Through Program) | | 2013 | 7/1/2043 | \$ 55,987,759 | \$ 10,990,729 | (6) |
| Total Single Family Housing Revenue Bonds | | | | \$ 55,987,759 | \$ 10,990,729 | |

| | | Year of Issue | Final Maturity | Amount Issued | Amount Outstanding | |
|---|--|--------------------------|---------------------------|--------------------------|-------------------------------|--|
| Local Government Infrastructure Bonds | | | | | | |
| 2010 Series A-1 (Senior Obligations) | | 2010 | 6/1/2030 | \$ 19,395,000 | \$ 490,000 | |
| 2010 Series A-2 (Subordinate Obligations) | | 2010 | 6/1/2030 | 8,515,000 | 245,000 | |
| 2012 Series A-1 (Senior Obligations) | | 2012 | 6/1/2032 | 9,550,000 | 1,880,000 | |
| 2012 Series A-2 (Subordinate Obligations) | | 2012 | 6/1/2032 | 4,420,000 | 960,000 | |
| 2012 Series B-1 (Senior Obligations) | | 2012 | 6/1/2032 | 14,900,000 | 3,220,000 | |
| 2012 Series B-2 (Subordinate Obligations) | | 2012 | 6/1/2032 | 6,855,000 | 1,320,000 | |
| 2013 Series A-1 (Senior Obligations) | | 2013 | 6/1/2043 | 14,660,000 | 1,160,000 | |
| 2013 Series A-2 (Subordinate Obligations) | | 2013 | 6/1/2043 | 6,720,000 | 815,000 | |
| 2014 Series A-1 (Senior Obligations) | | 2014 | 6/1/2034 | 27,605,000 | 5,225,000 | |
| 2014 Series A-2 (Subordinate Obligations) | | 2014 | 6/1/2034 | 12,720,000 | 2,750,000 | |
| 2015 Series A-1 (Senior Obligations) | | 2015 | 6/1/2045 | 13,215,000 | 7,995,000 | |
| 2015 Series A-2 (Subordinate Obligations) | | 2015 | 6/1/2045 | 5,650,000 | 3,420,000 | |
| 2016 Series A-1 (Senior Obligations) | | 2016 | 6/1/2036 | 18,020,000 | 10,175,000 | |
| 2016 Series A-2 (Subordinate Obligations) | | 2016 | 6/1/2036 | 7,715,000 | 4,365,000 | |
| 2017 Series A-1 (Senior Obligations) | | 2017 | 6/1/2047 | 27,310,000 | 18,705,000 | |
| 2017 Series A-2 (Subordinate Obligations) | | 2017 | 6/1/2047 | 11,725,000 | 8,030,000 | |
| 2018 Series A-1 (Senior Obligations) | | 2018 | 6/1/2048 | 4,535,000 | 3,600,000 | |
| 2018 Series A-2 (Subordinate Obligations) | | 2018 | 6/1/2048 | 1,925,000 | 1,530,000 | |
| 2019 Series A-1 (Senior Obligations) | | 2019 | 6/1/2049 | 11,340,000 | 10,385,000 | |
| 2019 Series A-2 (Subordinate Obligations) | | 2019 | 6/1/2049 | 4,875,000 | 4,460,000 | |
| 2019 Series B-1 (Senior Obligations) | | 2019 | 6/1/2049 | 11,810,000 | 10,355,000 | |
| 2019 Series B-2 (Subordinate Obligations) | | 2019 | 6/1/2049 | 5,260,000 | 4,635,000 | |
| 2020 Series A-1 (Senior Obligations) | | 2020 | 6/1/2049 | 16,740,000 | 14,315,000 | |
| 2020 Series A-2 (Subordinate Obligations) | | 2020 | 6/1/2049 | 7,470,000 | 6,430,000 | |
| 2021 Series A-1 (Senior Obligations) | | 2021 | 6/1/2051 | 18,980,000 | 18,180,000 | |
| 2021 Series A-2 (Subordinate Obligations) | | 2021 | 6/1/2051 | 8,170,000 | 7,835,000 | |
| 2023 Series A-1 (Senior Obligations) | | 2023 | 6/1/2043 | 15,475,000 | 15,475,000 | |
| 2023 Series A-2 (Subordinate Obligations) | | 2023 | 6/1/2043 | 7,050,000 | 7,050,000 | |
| Total Local Government Infrastructure Bonds | | | | \$ 322,605,000 | \$ 175,005,000 | |

Multifamily Development Revenue Bonds

| | | | | | | |
|--|--|------|------------|--------------|--------------|-----|
| Series 2005 B (Washington Gardens) | | 2005 | 2/1/2036 | \$ 5,000,000 | \$ 1,530,000 | |
| Series 2006 A (Barclay Greenmount Apartments) | | 2006 | 4/1/2035 | 4,535,000 | 2,375,000 | |
| Series 2007 A (Brunswick House Apartments) | | 2007 | 10/1/2037 | 3,000,000 | 1,765,000 | |
| Series 2007 B (Park View at Catonsville) | | 2007 | 12/1/2037 | 5,200,000 | 4,750,000 | (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 | 13,125,000 | (2) |
| Series 2008 G (Kirkwood House Apartments) | | 2008 | 12/1/2038 | 16,000,000 | 16,000,000 | (2) |
| Series 2012 A (Park View at Bladensburg) | | 2012 | 12/1/2030 | 3,500,000 | 2,610,000 | |
| Series 2013 G (Glen Manor Apartments) | | 2013 | 1/1/2031 | 13,640,000 | 10,830,000 | |
| Series 2014 I (Marlborough Apartments) | | 2014 | 12/15/2031 | 27,590,000 | 20,950,000 | |

Other Outstanding Bonds of the Administration

| | | | | | | | |
|--------|------|-----|-----------------------------------|------|-----------|------------|------------|
| Series | 2015 | D | (Cumberland Arms Apartments)..... | 2015 | 9/1/2032 | 6,315,000 | 3,195,000 |
| Series | 2017 | G | (Bolton North)..... | 2017 | 9/15/2034 | 25,200,000 | 22,555,000 |
| Series | 2021 | C-1 | (PV at Ellicott City II)..... | 2021 | 11/1/2038 | 7,115,000 | 6,943,515 |
| Series | 2021 | D-1 | (PV at Furnace Branch)..... | 2021 | 11/1/2038 | 9,505,000 | 9,275,911 |
| Series | 2021 | E-1 | (PV at Snowden River)..... | 2021 | 11/1/2038 | 7,750,000 | 7,563,210 |

| | | | | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Amount Issued</u> | <u>Amount Outstanding</u> |
|---|------|-----|--|--------------------------|---------------------------|--------------------------|-------------------------------|
| Multifamily Development Revenue Bonds continued | | | | | | | |
| Series | 2021 | F | (Homes at Oxon Hill) | 2021 | 7/1/2043 | \$ 24,660,000 | \$ 24,660,000 |
| Series | 2022 | B-1 | (Weinberg Place Apartments)..... | 2022 | 6/1/2040 | 18,790,000 | 18,790,000 |
| Series | 2022 | B-2 | (Weinberg Place Apartments)..... | 2022 | 8/1/2024 | 12,570,000 | 12,570,000 |
| Series | 2022 | C | (Overlook Manor Townhouses)..... | 2022 | 4/1/2024 | 9,600,000 | 9,600,000 |
| Series | 2022 | D | (South Street Senior)..... | 2022 | 7/1/2024 | 16,000,000 | 16,000,000 |
| Series | 2022 | E-1 | (Roslyn Rise)..... | 2022 | 3/1/2043 | 14,975,000 | 14,975,000 |
| Series | 2022 | E-2 | (Roslyn Rise)..... | 2022 | 11/1/2024 | 975,000 | 975,000 |
| Series | 2022 | F | (The Cascades of Frederick)..... | 2022 | 8/1/2024 | 18,970,000 | 18,970,000 |
| Series | 2022 | G | (Admiral's Landing 4)..... | 2022 | 10/1/2024 | 7,000,000 | 7,000,000 |
| Series | 2022 | H | (Willow Manor at Cabin Branch)..... | 2022 | 12/1/2024 | 17,545,000 | 17,545,000 |
| Series | 2022 | I | (Rosemount)..... | 2022 | 1/1/2025 | 21,325,000 | 21,325,000 |
| Series | 2023 | A | (Uplands Rental Phase IIA)..... | 2023 | 3/1/2025 | 13,445,000 | 13,445,000 |
| Series | 2023 | B | (Morris H. Blum Senior Apartments).... | 2023 | 3/1/2026 | 27,950,000 | 27,950,000 |
| Series | 2023 | C | (Park Heights Senior)..... | 2023 | 11/1/2025 | 24,880,000 | 24,880,000 |
| Series | 2023 | D | (Wakefield Terrace)..... | 2023 | 1/1/2026 | 39,565,000 | 39,565,000 |
| Total Multifamily Development Revenue Bonds | | | | | | \$ 437,990,000 | \$ 407,752,637 |

| | | | | <u>Year of Issue</u> | <u>Final Maturity</u> | <u>Amount of Note</u> | <u>Amount Outstanding</u> |
|---|------|--|--|--------------------------|---------------------------|---------------------------|-------------------------------|
| Multifamily Notes (7) | | | | | | | |
| Victory Crossing - Freddie TEL | 2016 | | | 2016 | 6/1/2037 | \$ 7,675,000 | \$ 7,249,196 |
| Riviera Apartments - Freddie TEL | 2017 | | | 2017 | 6/1/2034 | 2,430,000 | 2,299,923 |
| Momentum at Shady Grove Metro - Freddie TEL | 2018 | | | 2018 | 1/1/2039 | 12,900,000 | 12,759,969 |
| Victory Haven - Freddie TEL | 2018 | | | 2018 | 7/1/2037 | 6,080,000 | 6,047,625 |
| J.Van Story Branch Apartments - Freddie TEL | 2018 | | | 2018 | 6/1/2039 | 18,604,000 | 18,206,835 |
| Silver Spring Artspace Lofts - Freddie TEL | 2019 | | | 2019 | 1/1/2037 | 8,100,000 | 7,909,593 |
| Greenmount and Chase - Freddie TEL | 2019 | | | 2019 | 8/1/2036 | 1,790,000 | 1,756,475 |
| Glenarden Hills 2 - Freddie TEL | 2019 | | | 2019 | 1/1/2039 | 5,562,000 | 5,446,028 |
| Ox Fibre Apartments - Freddie TEL | 2020 | | | 2020 | 4/1/2037 | 11,030,000 | 10,837,589 |
| Windsor and Main - Freddie TEL | 2020 | | | 2020 | 5/1/2039 | 5,500,000 | 5,413,262 |
| Hollander Ridge - Freddie TEL | 2020 | | | 2020 | 5/1/2040 | 6,850,000 | 6,737,372 |
| Knowles Manor - Freddie TEL | 2020 | | | 2020 | 8/1/2040 | 13,975,000 | 13,911,076 |
| Suitland - Freddie TEL | 2020 | | | 2020 | 4/1/2041 | 19,100,000 | 18,950,853 |
| Snowden's Ridge Apartments - Freddie TEL | 2020 | | | 2020 | 1/1/2038 | 21,100,000 | 20,334,223 |
| Newtowne 20 - Freddie TEL | 2020 | | | 2020 | 7/1/2041 | 9,350,000 | 9,303,962 |
| Rye Street Apartments - Freddie TEL | 2020 | | | 2020 | 1/1/2042 | 73,500,000 | 73,500,000 |
| Hillbrooke Towers - Freddie TEL..... | 2021 | | | 2021 | 8/1/2040 | 6,772,000 | 6,745,661 |
| 525 Aisquith Apartments - Freddie TEL..... | 2021 | | | 2021 | 1/1/2042 | 22,000,000 | 22,000,000 |
| 420 Aisquith Apartments - Freddie TEL..... | 2021 | | | 2021 | 6/1/2041 | 15,000,000 | 14,642,600 |
| Hillwood Manor - Freddie TEL..... | 2021 | | | 2021 | 7/1/2041 | 18,705,000 | 18,656,352 |
| Sandy Spring Sr. Village - Freddie TEL | 2022 | | | 2022 | 3/1/2039 | 12,230,000 | 11,626,340 |
| Woodland Gardens II - Freddie TEL..... | 2022 | | | 2022 | 10/1/2039 | 9,835,000 | 9,835,000 |
| St. Anne's Senior Apartments - Freddie TEL..... | 2022 | | | 2022 | 11/1/2041 | 13,550,000 | 13,550,000 |
| Frederick Road Senior Apartments - Freddie TEL..... | 2022 | | | 2022 | 12/1/2041 | 20,000,000 | 17,998,164 |
| Residences at Springbrook - Freddie TEL..... | 2022 | | | 2022 | 1/1/2040 | 14,000,000 | 11,381,644 |
| Perkins Phase I - Freddie TEL..... | 2022 | | | 2022 | 1/1/2042 | 20,200,000 | 12,996,022 |
| Highlandtown Plaza CO-OP - Freddie TEL..... | 2022 | | | 2022 | 1/1/2042 | 7,830,000 | 7,830,000 |
| Guardian House - Freddie TEL..... | 2022 | | | 2022 | 8/1/2042 | 11,950,000 | 8,698,974 |
| Cold Spring Lane - Freddie TEL..... | 2022 | | | 2022 | 9/1/2042 | 14,080,000 | 11,745,979 |

Other Outstanding Bonds of the Administration

| | | | | |
|---|-----------------|-----------------|--------------------------------|--------------------------------|
| 4010 Randolph Road - Freddie TEL..... | 2022 | 12/1/2040 | 41,555,000 | 13,028,845 |
| Autumn Woods - Freddie TEL..... | 2022 | 1/1/2041 | 61,330,000 | 61,330,000 |
| Glenarden Hills Phase 3 - Freddie TEL..... | 2022 | 1/1/2043 | 21,150,000 | 6,584,929 |
| Perkins Phase II B - Freddie TEL..... | 2022 | 7/1/2042 | 16,350,000 | 1,925,375 |
| Residences at Forest Glen 4 - Freddie TEL..... | 2023 | 2/1/2044 | 33,790,000 | 55,000 |
| Charles Landing - Freddie TEL..... | 2023 | 2/1/2040 | 9,050,000 | 8,928,803 |
| Willows At Salisbury - Freddie TEL..... | 2023 | 10/1/2040 | 8,310,000 | 3,851,839 |
| Bon Secourts Apartments - Freddie TEL..... | 2023 | 8/1/2042 | 10,260,000 | 1,324,953 |
| | Year | Final | Amount | Amount |
| | of Issue | Maturity | of Note | Outstanding |
| Multifamily Notes continued | | | | (7) |
| Hill House at Beechfield - Freddie TEL..... | 2023 | 8/1/2041 | \$ 28,275,000 | \$ 3,914,627 |
| North Frederick Apartments - Freddie TEL..... | 2023 | 4/1/2043 | 17,280,000 | 633,081 |
| Park Montgomery Apartments - Freddie TEL..... | 2023 | 4/1/2043 | 30,350,000 | 14,104,489 |
| Sligo Apartments 4 - Freddie TEL..... | 2023 | 5/1/2041 | 14,160,000 | 310,966 |
| Flats at College Park - Freddie TEL..... | 2023 | 12/1/2043 | 65,500,000 | 51,000 |
| North Odenton - Freddie TEL..... | 2023 | 1/1/2042 | 14,815,000 | 2,780,222 |
| Perkins Homes Phase III - Freddie TEL..... | 2023 | 1/1/2045 | 32,400,000 | 51,000 |
| Total Multifamily Notes..... | | | <u>\$ 814,273,000</u> | <u>\$ 507,245,847</u> |
| Total Amount of Other Bonds and Notes Outstanding | | | <u>\$ 6,339,076,671</u> | <u>\$ 4,430,315,125</u> |
| Total Amount of Housing Revenue Bonds Outstanding(11) | | | <u>\$ 640,510,000</u> | <u>\$ 509,155,838</u> |
| Total Amount of All Bonds and Notes Outstanding | | | <u><u>\$ 6,979,586,671</u></u> | <u><u>\$ 4,939,470,963</u></u> |

- (1) Certain prepayments of mortgage loans financed with the proceeds of such series of bonds are to be applied first to the redemption of certain bonds within such series.
- (2) These are variable rate bonds that are repriced according to the terms in the respective Official Statement.
- (3) These are taxable 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) 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.
- (6) 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.
- (7) These are Freddie Mac tax-exempt loans (Freddie TEL) with CDA as the governmental lender and Wilmington Trust, National Association, as the fiscal agent.
- (8) These bonds are stand-alone non-parity bonds under the Bond Resolution pledged solely from the trust estate pledged under the applicable series resolution and not from revenues or other amounts pledged to parity bonds. These bonds are pass-through bonds and 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 Statements for these bonds.
- (9) The 2022 Series E Bonds are subject to mandatory tender on the following dates: (i) June 1, 2023 with respect to the 2022 Series E-1 Bonds, (ii) September 1, 2023 with respect to the 2022 Series E-2 Bonds, and (iii) February 1, 2024 with respect to the 2022 Series E-3 Bonds. The Administration expects to refund each such sub-series of 2022 Series E Bonds on its respective mandatory tender date.

Other Outstanding Bonds of the Administration

- (10) The 2023 Series G Bonds are subject to mandatory tender on the following dates: (i) June 1, 2024 with respect to the 2023 Series G-1 and G-4 Bonds, (ii) December 1, 2024 with respect to the 2023 Series G-2 and G-5 Bonds, and (iii) February 1, 2025 with respect to the 2023 Series G-3 and G-6 Bonds. The Administration expects to refund each such sub-series of 2023 Series G Bonds on its respective mandatory tender date.
- (11) See information under caption "Outstanding Housing Revenue Bonds" above.

For updated information on issuances and/or redemptions after January 1, 2024, 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, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MARYLAND HOUSING FUND
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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the MHF's basic financial as listed in the Table of Contents.

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, 2023 and 2022, and the changes in financial position, and, its, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Department of Housing and Community Development and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, changes in financial position, and cash flows of 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, 2023 and 2022, 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. Our opinion on the basic financial statements was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Department of Housing and Community Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management has elected to omit 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 information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
September 25, 2023

**MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

| ASSETS | 2023 | 2022 |
|---|---------------|---------------|
| CURRENT ASSETS | | |
| Unrestricted Current Assets: | | |
| Deposit with State Treasurer: | | |
| Operating Account | \$ 4,372,306 | \$ 3,697,570 |
| Loans and Interest Receivable, Net of Allowance for Loans and Related Losses | - | - |
| Due from Other Funds | 1,573 | 340,012 |
| Other | 88,425 | 43,695 |
| Total Unrestricted Current Assets | 4,462,304 | 4,081,277 |
| Restricted Current Assets: | | |
| Deposit with State Treasurer: | | |
| Reserve Accounts | 87,607,096 | 84,946,335 |
| Total Restricted Current Assets | 87,607,096 | 84,946,335 |
| Total Current Assets | 92,069,400 | 89,027,612 |
| NONCURRENT ASSETS | | |
| Investment Held for Borrower | 2,490,957 | 2,459,425 |
| Loans and Interest Receivable, Net of Allowance for Loans and Related Losses and Current Portion | - | - |
| Total Noncurrent Assets | 2,490,957 | 2,459,425 |
| Total Assets | \$ 94,560,357 | \$ 91,487,037 |

See accompanying Notes to Financial Statements.

MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------|---------------|
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 50,050 | \$ 121,097 |
| Accrued Compensated Absences | 40,726 | 40,532 |
| Accrued Workers' Compensation | 300 | 300 |
| Investment Held for Borrower | 239,188 | 194,828 |
| Unearned Premiums | 494,542 | 463,233 |
| Unearned Fees | 12,737 | 12,885 |
| Allowance for Unpaid Insurance Losses | 132,469 | 83,993 |
| Total Current Liabilities | 970,012 | 916,868 |
| NONCURRENT LIABILITIES | | |
| Accrued Compensated Absences, Net of Current Portion | 45,825 | 61,173 |
| Accrued Workers' Compensation, Net of Current Portion | 1,700 | 1,700 |
| Investment Held for Borrower, Net of Current Portion | 2,490,957 | 2,459,425 |
| Allowance for Unpaid Insurance Losses, Net of Current Portion | 9,716,411 | 9,437,472 |
| Total Noncurrent Liabilities | 12,254,893 | 11,959,770 |
| Total Liabilities | 13,224,905 | 12,876,638 |
| NET POSITION | | |
| Restricted Net Position: | | |
| Multi-Family Reserve | 53,698,739 | 44,698,739 |
| Single Family Regular Reserve | 13,893,666 | 13,821,570 |
| Revitalization (Pilot) Reserve | 2,185,258 | 2,185,258 |
| Small Business Reserve | 9,000,000 | 10,000,000 |
| General Reserve | 2,593,422 | 8,593,422 |
| Unallocated Reserve | 6,308,107 | 5,636,189 |
| Total Restricted Net Position | 87,679,192 | 84,935,178 |
| Unrestricted Accumulated Deficit | (6,343,740) | (6,324,779) |
| Total Net Position | 81,335,452 | 78,610,399 |
| Total Liabilities and Net Position | \$ 94,560,357 | \$ 91,487,037 |

See accompanying Notes to Financial Statements.

MARYLAND HOUSING FUND
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Net Premiums | \$ 859,298 | \$ 779,591 |
| Interest Income on Reserves | 2,671,918 | 375,421 |
| Interest Income on Loans | 524,670 | 526,546 |
| Other Income | 799,009 | 987,120 |
| Total Operating Revenues | 4,854,895 | 2,668,678 |
| OPERATING EXPENSES | | |
| General and Administrative | 1,384,846 | 1,348,661 |
| Direct Losses on Claims | (66,149) | 20,178 |
| Provision (Benefit) for Insurance and Loan Losses | 811,145 | 605,300 |
| Total Operating Expenses | 2,129,842 | 1,974,139 |
| CHANGE IN NET POSITION | 2,725,053 | 694,539 |
| Net Position - Beginning of Year | 78,610,399 | 77,915,860 |
| NET POSITION - END OF YEAR | \$ 81,335,452 | \$ 78,610,399 |

See accompanying Notes to Financial Statements.

**MARYLAND HOUSING FUND
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

| | 2023 | 2022 |
|--|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Premiums, Net | \$ 1,184,316 | \$ 1,236,317 |
| Receipts from Principal and Interest on Loans | 524,670 | 526,546 |
| Changes to Provision for Insurance and Loan losses | (811,145) | (605,300) |
| Receipts from Mortgage Escrows | 75,892 | (163,446) |
| Payments for Mortgage Escrows | (31,532) | 91,728 |
| Receipts from Miscellaneous Fees | 798,861 | 986,979 |
| Payments for General and Administrative Expenses | (1,143,632) | (1,308,584) |
| Payments for Claims | 66,149 | (20,178) |
| Receipts from Interest Earned on Reserves | 2,671,918 | 375,421 |
| Net Cash Provided by Operating Activities | 3,335,497 | 1,119,483 |
| NET INCREASE IN CASH | 3,335,497 | 1,119,483 |
| Deposit with State Treasurer, Balance - Beginning of Year | 88,643,905 | 87,524,422 |
| DEPOSIT WITH STATE TREASURER, BALANCE - END OF YEAR | \$ 91,979,402 | \$ 88,643,905 |
| RECONCILIATION OF CHANGE IN OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating Income | \$ 2,725,053 | \$ 694,539 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities: | | |
| Effects of Changes in Operating Assets and Liabilities: | | |
| Premiums and Other Receivables | (44,730) | 161,705 |
| Investments and Other Assets | 44,360 | (71,718) |
| Due from DHCD | 338,439 | 224,947 |
| Accounts Payable and Other Accrued Liabilities | (86,201) | (79,616) |
| Allowance for Unpaid Insurance Losses | 327,415 | 119,693 |
| Unearned Premiums | 31,309 | 70,074 |
| Unearned Fees | (148) | (141) |
| Net Cash Provided by Operating Activities | \$ 3,335,497 | \$ 1,119,483 |

See accompanying Notes to Financial Statements.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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), a governmental unit within the Division of Development Finance of the Department of Housing and Community Development (DHCD) and to provide primary insurance for Single Family mortgage loans. Legislation enacted in 2016 expanded MHF's authority to insure business loans originated by qualified lending institutions. 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 governmental unit within DHCD's Division of Credit Assurance.

MHF maintains six restricted insurance reserves, which are separate from MHF's operating funds. Five of the reserves cover specific categories of insurance; the Multi-Family Reserve, the Single Family Regular Program Reserve, the Revitalization Reserve (formerly known as the PILOT program insurance reserve), the Business Reserve, and the General Reserve. The investment earnings on each of the five specific reserves are credited to a sixth reserve, the Unallocated Reserve. The Unallocated Reserve may be allocated and transferred by the Secretary into each of the reserves, restricted by the Secretary as a reserve to pay claims on all categories of claims, applied by MHF as payment of a claim, or retained in the Unallocated Reserve pending allocation, transfer, or restriction. Investment earnings on each of the six reserves are credited to the Unallocated Reserve. In 2008, legislation was passed pursuant to Senate Bill 983 requiring MHF to transfer from the Unallocated Reserve to DHCD's Homeownership Programs Fund, Rental Housing Programs Fund, and Special Loan Programs Fund all amounts in excess of \$10,000,000 at the end of each fiscal year. These transfers can be found in Note 8 of this document.

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

MHF's reserve funds are derived from the net proceeds of five issues of the 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.

MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 that were funded by CDA and the Housing Opportunities Commission of Montgomery County. These loans were paid in full during FY2021.
- Risk-Share Program insures both construction and permanent mortgages financed with CDA bond proceeds 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 is responsible for reimbursing FHA up to 50% of such claim. As a Level II participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, CDA is responsible for reimbursing FHA up to 25% of such claim. MHF then reimburses 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 under this program in 1997.
- MHF Demonstration Program – Effective December 9, 2014, MHF and CDA 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 (“Short Term Bonds”) issued under CDA’s multi-family 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 that: (i) 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 (ii) where 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 MHF’s Unallocated Reserve. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million from MHF’s Unallocated Reserve at any given time. There are no loans currently insured under this program.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 Insurance 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 with CDA bond proceeds with insurance coverage only for 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 as part of the mortgage, thereby requiring no additional outlay of cash by the borrower at the closing, resulting in a lower monthly mortgage payment. MHF no longer issues new insurance under this program.
- Reinsurance Program commenced in 2011 and consists of mortgages originated between 2005 and 2010 funded with CDA bond proceeds which had mortgage insurance only for the top 35% of the original mortgage. Under the program, CDA paid a monthly premium for MHF to insure 50% of any losses incurred by CDA on the uninsured 65% of the original mortgage up to \$12.5 million. The program was set to terminate on the earliest date of MHF reaching \$12.5 million in net losses or December 31, 2020. All claims are paid from the Single Family Regular Insurance Reserve. The program terminated in May of 2014 when MHF had paid \$12.5 million in net losses.

The Revitalization (Pilot) Reserve insures mortgages funded through CDA and private Maryland lenders for up to 100% of the mortgage balance.

- The program 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. The last of the loans in this program was paid off during FY2021.
- The 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.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

Small Business Insurance Reserve

- 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. There are currently no loans insured under this program.

General Reserve

- The General Insurance Reserve provides 35% insurance on certain CDA single-family mortgages as an incentive to refinance or restructure loans for Maryland borrowers with an existing CDA loan. MHF continues to maintain active mortgages but no longer issues new commitments under this program.

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.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Based on Management's assessment, MHF has reviewed these loans and determined that collection is unlikely given the financial situation of the borrowers. A full allowance has been recorded.

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, current economic conditions, and other environmental factors 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.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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 Annual Comprehensive Financial Report by visiting the website <https://www.marylandtaxes.gov/reports/cafr.php>.

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.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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, 2023 and 2022 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.

| | 2023 | 2022 |
|--|--------------|--------------|
| Investment Held for Borrower (Obligations of U.S. Government Agencies) | \$ 2,490,957 | \$ 2,459,425 |

This bond is pledged as additional collateral to further secure the repayment of certain promissory notes by the borrower of loans that are owned by MHF. The loan agreements provide that, at maturity, MHF will either (i) return the proceeds, or a defined portion thereof, to the borrower if certain limited conditions have been satisfied, or (ii) apply the proceeds, or a defined portion thereof, to the outstanding balances owed to MHF.

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, 2023:

- Pooled cash maintained by the State Treasurer of \$91,979,402 (Level 1).
- Investments held for Borrower, consisting of a U.S. government treasury zero-coupon bond of \$2,490,957 carried at fair value based on quoted market prices (Level 1).

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (continued)

The Funds have the following recurring fair value measurements as of June 30, 2022:

- Pooled cash maintained by the State Treasurer of \$88,643,905 (Level 1).
- Investments held for Borrower, consisting of a U.S. government treasury zero-coupon bond of \$2,459,425 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. Based on Management's assessment, MHF has reviewed these loans and determined that collection is unlikely given the financial situation of the borrowers. A full allowance has been recorded. Mortgage loans, notes receivable, and interest receivable were as follows for the years ended June 30, 2023 and 2022:

| | 2023 | 2022 |
|---|--------------|--------------|
| Multi-Family | \$ 7,376,076 | \$ 7,413,074 |
| Single-Family | 178,490 | 178,490 |
| Other | 8,731 | 9,692 |
| Interest Receivable on Loans | 13,636,475 | 13,114,786 |
| Total | 21,199,772 | 20,716,042 |
| Allowance for Possible Losses on Multi-Family Loans | (7,376,076) | (7,413,074) |
| Allowance for Possible Losses on Single-Family Loans | (178,490) | (178,490) |
| Allowance for Possible Losses on Other | (8,731) | (9,692) |
| Allowance for Possible Losses on Interest Receivable | (13,636,475) | (13,114,786) |
| Total Allowance for Possible Losses | (21,199,772) | (20,716,042) |
| Loans and Interest Receivable, Net of Allowance for Loans and Related Losses | \$ - | \$ - |

Changes in the allowance for possible losses on loans and interest receivable were as follows for the years ended June 30, 2023 and 2022:

| | 2023 | 2022 |
|-----------------------------|---------------|---------------|
| Balance - Beginning of Year | \$ 20,716,042 | \$ 20,230,436 |
| Increase in Provision | 483,730 | 485,606 |
| Balance - End of Year | \$ 21,199,772 | \$ 20,716,042 |

MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 UNEARNED PREMIUMS

The unearned premiums for the unexpired terms of all policies in force or written as of June 30, 2023 and 2022, and the changes for the years then ended were as follows:

| | 2023 | | | |
|--------------------------------------|---|---------------------|--------------------|--|
| | Unearned Premiums at Beginning of Year | Premiums Written | Premiums Earned | Unearned Premiums at End of Year |
| Multi-Family Programs: | | | | |
| Construction and Permanent Mortgages | \$ 411,994 | \$ 736,865 | \$ 692,889 | \$ 455,970 |
| SHOP Loans | 11,459 | 16,911 | 18,463 | 9,907 |
| Total Multi-Family Programs | 423,453 | 753,776 | 711,352 | 465,877 |
| Single Family Programs: | | | | |
| Single Family Regular: | | | | |
| Primary | 39,780 | 111,778 | 122,893 | 28,665 |
| Total - Year Ended June 30, 2023 | \$ 463,233 | \$ 865,554 | \$ 834,245 | \$ 494,542 |
| | | | | |
| | 2022 | | | |
| | Unearned Premiums at Beginning of Year | Premiums Written | Premiums Earned | Unearned Premiums at End of Year |
| Multi-Family Programs: | | | | |
| Construction and Permanent Mortgages | \$ 322,238 | \$ 736,497 | \$ 646,741 | \$ 411,994 |
| SHOP Loans | 19,463 | 20,043 | 28,047 | 11,459 |
| Total Multi-Family Programs | 341,701 | 756,540 | 674,788 | 423,453 |
| Single-Family Programs: | | | | |
| Single-Family Regular: | | | | |
| Primary | 51,458 | 68,015 | 79,693 | 39,780 |
| Total - Year Ended June 30, 2022 | \$ 393,159 | \$ 824,555 | \$ 754,481 | \$ 463,233 |

MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 NONCURRENT OBLIGATIONS

Changes in noncurrent obligations for the years ended June 30, 2023 and 2022 were as follows:

| | 2023 | | | | Amount Due Within One Year |
|--|----------------------|-------------------|--------------------|----------------------|----------------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | |
| | Compensated Absences | \$ 101,705 | \$ - | \$ (15,154) | |
| Workers' Compensation | 2,000 | - | - | 2,000 | 300 |
| Investment Held for Borrower | 2,654,253 | 75,892 | - | 2,730,145 | 239,188 |
| Allowance for Unpaid Insurance Losses | 9,521,465 | 327,415 | - | 9,848,880 | 132,469 |
| Total - Year Ended June 30, 2023 | <u>\$ 12,279,423</u> | <u>\$ 403,307</u> | <u>\$ (15,154)</u> | <u>\$ 12,667,576</u> | <u>\$ 412,683</u> |

| | 2022 | | | | Amount Due Within One Year |
|--|----------------------|-------------------|---------------------|----------------------|----------------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | |
| | Compensated Absences | \$ 103,044 | \$ - | \$ (1,339) | |
| Workers' Compensation | 2,000 | - | - | 2,000 | 300 |
| Investment Held for Borrower | 2,817,699 | - | (163,446) | 2,654,253 | 194,828 |
| Allowance for Unpaid Insurance Losses | 9,401,772 | 119,693 | - | 9,521,465 | 83,993 |
| Total - Year Ended June 30, 2022 | <u>\$ 12,324,515</u> | <u>\$ 119,693</u> | <u>\$ (164,785)</u> | <u>\$ 12,279,423</u> | <u>\$ 319,653</u> |

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, 2023, MHF had no Multi-Family loans in default. As a result, MHF provides only limited loss reserves on the Multi-Family portfolio.

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 ALLOWANCE FOR UNPAID INSURANCE LOSSES (CONTINUED)

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

MHF's reserve process is based upon the assumptions of past experience, including the current real estate market and housing values in the locations where MHF has experienced high claim rates. Therefore, the reserves are necessarily based on estimates and the ultimate liability may vary from such estimates. Management regularly reviews the evaluation of the loss reserves utilizing current information and updates the assumptions in the estimation process accordingly. Any resulting adjustments are reflected in the current period's earnings as either a provision for losses or reduction in losses. Management believes that the allowance for unpaid insurance losses at June 30, 2023 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:

| | <u>Multi-Family</u> | <u>Single-Family</u> | <u>Business</u> | <u>Total</u> |
|----------------------------------|---------------------|----------------------|-----------------|---------------------|
| Balance - June 30, 2021 | \$ 7,740,389 | \$ 1,661,383 | \$ - | \$ 9,401,772 |
| Increase (Decrease) in Provision | <u>875,639</u> | <u>(755,946)</u> | <u>-</u> | <u>119,693</u> |
| Balance - June 30, 2022 | 8,616,028 | 905,437 | - | 9,521,465 |
| Increase (Decrease) in Provision | <u>570,000</u> | <u>(242,585)</u> | <u>-</u> | <u>327,415</u> |
| Balance - June 30, 2023 | <u>\$ 9,186,028</u> | <u>\$ 662,852</u> | <u>\$ -</u> | <u>\$ 9,848,880</u> |

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 CHANGES IN NET POSITION

Changes in restricted and unrestricted net position were as follows:

| | Restricted Net Position | | | | | | | Unrestricted Accumulated Deficit | Total |
|--|-------------------------|-------------------------------------|--------------------------------------|---------------------------|--------------------|------------------------|----------------|--|-------|
| | Multi-Family Reserve | Single Family Regular Reserve | Revitalization (Pilot) Reserve | Small Business Reserve | General Reserve | Unallocated Reserve | | | |
| Balance - June 30, 2021 | \$ 44,698,739 | \$ 13,834,499 | \$ 2,185,258 | \$ 10,000,000 | \$ 8,593,422 | \$ 5,260,768 | \$ (6,656,826) | \$ 77,915,860 | |
| Interest Income Allocated at the Discretion of DHCD Secretary | - | - | - | - | - | 375,421 | (375,421) | - | |
| Change in Net Position | - | (12,929) | - | - | - | - | 707,468 | 694,539 | |
| Balance - June 30, 2022 | 44,698,739 | 13,821,570 | 2,185,258 | 10,000,000 | 8,593,422 | 5,636,189 | (6,324,779) | 78,610,399 | |
| Interest Income Allocated at the Discretion of DHCD Secretary | - | - | - | - | - | 2,671,918 | (2,671,918) | - | |
| Inter-reserve Transfers | 9,000,000 | - | - | (1,000,000) | (6,000,000) | (2,000,000) | - | - | |
| Change in Net Position | - | 72,096 | - | - | - | - | 2,652,957 | 2,725,053 | |
| Balance - June 30, 2023 | \$ 53,698,739 | \$ 13,893,666 | \$ 2,185,258 | \$ 9,000,000 | \$ 2,593,422 | \$ 6,308,107 | \$ (6,343,740) | \$ 81,335,452 | |

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 COMMITMENTS AND CONTINGENCIES

Multi-Family Mortgages

MHF insured mortgage loans as of June 30, 2023, net of partial claim payments, were as follows:

| | <u>Number</u> | <u>Current Balance</u> |
|--|---------------|----------------------------|
| CDA Construction and Permanent Mortgages | 92 | \$ 516,290,213 |
| CDA SHOP Loans | 115 | 9,811,835 |
| Total | <u>207</u> | <u>\$ 526,102,048</u> |

As of June 30, 2023, MHF had commitments of \$15,393,566 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, 2023, were as follows:

| | <u>Insured Mortgages</u> | | | |
|--------------------------------|--------------------------|----------------------------|---------------------------|---------------------------------|
| | <u>Number</u> | <u>Original Amount</u> | <u>Current Amount</u> | <u>Contingent Liability</u> |
| Primary Insurance Coverage | | | | |
| Single Family Regular | | | | |
| 25% Insured | 338 | \$ 19,460,156 | \$ 3,256,558 | \$ 814,140 |
| 35% Insured | 56 | 10,937,903 | 8,722,823 | 3,052,988 |
| Revitalization (Pilot) Program | | | | |
| 2.5% Insured | 171 | 23,708,221 | 21,177,859 | 529,446 |
| General | | | | |
| 35% Insured | 9 | 2,215,368 | 1,796,837 | 628,893 |
| Total | <u>574</u> | <u>\$ 56,321,648</u> | <u>\$ 34,954,077</u> | <u>\$ 5,025,467</u> |

As of June 30, 2023, MHF had no unfunded commitments under the Revitalization Reserve or Healthy Neighborhood Program.

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

**MARYLAND HOUSING FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

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.maryland.gov.

NOTE 11 RELATED PARTY TRANSACTIONS

MHF engages in certain transactions with related parties, specifically other units within DHCD. Premium and fee income generated from insured loans with CDA represent approximately 99% of the total premium and fee income reported during each of the fiscal years ending June 30, 2023 and 2022. Additionally, MHF pays certain post-foreclosure expenses for both CDA and DHCD's State Funded Loan Program to achieve a cost savings to the Agency as a whole. As these expenses are not expenses related to the operations of MHF, they are recorded on the balance sheet as Due From Other Funds, affecting only cash and receivables. These expenses are subsequently reimbursed to MHF by the responsible unit, and the outstanding receivable is cleared.

MARYLAND HOUSING FUND
INTERIM FINANCIAL STATEMENTS
December 31, 2023
(UNAUDITED)

MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION
As at December 31, 2023 and June 30, 2023
(UNAUDITED)

| | <u>12/31/2023</u> | <u>06/30/23</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Unrestricted Current Assets: | | |
| Deposit with State Treasurer: | | |
| Operating Account | \$ 4,787,590 | \$ 4,372,306 |
| Loans and Interest Receivable, Net of Allowance for Loans and Related Losses | - | - |
| Due From Other Funds | 10,666 | 1,573 |
| Other | 124,862 | 88,425 |
| Total Unrestricted Current Assets | <u>4,923,118</u> | <u>4,462,304</u> |
| Restricted Current Assets: | | |
| Deposit with State Treasurer: | | |
| Reserve Accounts | <u>89,307,283</u> | <u>87,607,096</u> |
| Total Restricted Current Assets | <u>89,307,283</u> | <u>87,607,096</u> |
| Total Current Assets | <u>94,230,401</u> | <u>92,069,400</u> |
| NONCURRENT ASSETS | | |
| Investment Held for Borrower | 2,524,057 | 2,490,957 |
| Loans and Interest Receivable, Net of Allowance for Loans and Related Losses and Current Portion | - | - |
| Total Noncurrent Assets | <u>2,524,057</u> | <u>2,490,957</u> |
| Total Assets | <u>\$ 96,754,458</u> | <u>\$ 94,560,357</u> |

MARYLAND HOUSING FUND
STATEMENTS OF NET POSITION - CONTINUED
As at December 31, 2023 and June 30, 2023
(UNAUDITED)

| | 12/31/2023 | 06/30/2023 |
|---|---------------|---------------|
| LIABILITIES AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 21,044 | \$ 50,050 |
| Accrued Compensated Absences | 40,726 | 40,726 |
| Accrued Workers' Compensation | 300 | 300 |
| Investment Held for Borrower | 214,654 | 239,188 |
| Unearned Premiums | 608,857 | 494,542 |
| Unearned Fees | 10,793 | 12,737 |
| Allowance for Unpaid Insurance Losses | 141,428 | 132,469 |
| Total Current Liabilities | 1,037,802 | 970,012 |
| NONCURRENT LIABILITIES | | |
| Accrued Compensated Absences, Net of Current Portion | 45,825 | 45,825 |
| Accrued Workers' Compensation, Net of Current Portion | 1,700 | 1,700 |
| Investment Held for Borrower, Net of Current Portion | 2,524,057 | 2,490,957 |
| Allowance for Unpaid Insurance Losses, Net of Current Portion | 10,180,778 | 9,716,411 |
| Total Noncurrent Liabilities | 12,752,360 | 12,254,893 |
| Total Liabilities | 13,790,162 | 13,224,905 |
| NET POSITION | | |
| Restricted Net Position: | | |
| Multi-Family Reserve | 53,698,739 | 53,698,739 |
| Single Family Regular Reserve | 13,893,666 | 13,893,666 |
| Revitalization (Pilot) Reserve | 2,185,258 | 2,185,258 |
| Small Business Reserve | 9,000,000 | 9,000,000 |
| General Reserve | 2,593,422 | 2,593,422 |
| Unallocated Reserve | 7,936,199 | 6,308,107 |
| Total Restricted Net Position | 89,307,284 | 87,679,192 |
| Unrestricted Accumulated Deficit | (6,342,988) | (6,343,740) |
| Total Net Position | 82,964,296 | 81,335,452 |
| Total Liabilities and Net Position | \$ 96,754,458 | \$ 94,560,357 |

MARYLAND HOUSING FUND
STATEMENTS OF REVENUES AND EXPENSES
As of December 31, 2023 and June 30, 2023
(UNAUDITED)

| | <u>12/31/2023</u> | <u>06/30/2023</u> |
|---|----------------------|----------------------|
| OPERATING REVENUES | | |
| Net Premiums | \$ 430,630 | \$ 859,298 |
| Interest Income on Reserves | 1,628,092 | 2,671,918 |
| Interest Income on Loans | 263,737 | 524,670 |
| Other Income | 830,567 | 799,009 |
| Total Operating Revenues | <u>3,153,026</u> | <u>4,854,895</u> |
| OPERATING EXPENSES | | |
| General and Administrative | 807,589 | 1,384,846 |
| Direct Losses on Claims | - | (66,149) |
| Provision (Benefit) for Insurance and Loan Losses | 716,593 | 811,145 |
| Total Operating Expenses | <u>1,524,182</u> | <u>2,129,842</u> |
| Operating Income (Loss) before Transfers | 1,628,844 | 2,725,053 |
| Transfer of Funds | <u>-</u> | <u>-</u> |
| CHANGE IN NET POSITION | 1,628,844 | 2,725,053 |
| Net Position - Beginning of Year | <u>81,335,452</u> | <u>78,610,399</u> |
| NET POSITION - END OF YEAR | <u>\$ 82,964,296</u> | <u>\$ 81,335,452</u> |

MARYLAND HOUSING FUND
STATEMENTS OF CASH FLOWS
As of December 31, 2023 and June 30, 2023
(UNAUDITED)

| | 12/31/2023 | 06/30/2023 |
|--|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from Premiums, Net | \$ 499,413 | \$ 1,184,316 |
| Receipts from Principal and Interest on Loans | 263,737 | 524,670 |
| Changes to Provision for Insurance and Loan Losses | (716,593) | (811,145) |
| Receipts for Mortgage Escrows | 8,566 | 75,892 |
| Payments from Mortgage Escrows | (33,100) | (31,532) |
| Receipts (Payments) from Security Deposits | - | - |
| Receipts from Miscellaneous Fees | 828,623 | 798,861 |
| Payments for General and Administrative Expenses | (363,267) | (1,143,632) |
| Sale Proceeds from Acquired Property | - | - |
| Payments for Claims | - | 66,149 |
| Receipts from Interest Earned on Reserves | 1,628,092 | 2,671,918 |
| Transfer to State Funded Programs | - | - |
| Net Cash Provided by Operating Activities | \$ 2,115,471 | \$ 3,335,497 |
| NET INCREASE IN CASH | \$ 2,115,471 | \$ 3,335,497 |
| Deposit with State Treasurer, Balance - Beginning of Year | 91,979,402 | 88,643,905 |
| DEPOSIT WITH STATE TREASURER, BALANCE - END OF PERIOD | \$ 94,094,873 | \$ 91,979,402 |
| RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Change in Net Position | \$ 1,628,844 | \$ 2,725,053 |
| Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities: | | |
| Transfer to State Funded Programs | - | - |
| Effect of Changes in Operating Assets and Liabilities: | | |
| Loans and Interest Receivable | (36,439) | (44,730) |
| Acquired Property | - | - |
| Investments and Other Assets | (24,534) | 44,360 |
| Due from DHCD | (9,093) | 338,439 |
| Accounts Payable and Other Accrued Liabilities | (29,004) | (86,200) |
| Security Deposits Payable | - | - |
| Allowance for Unpaid Insurance Losses | 473,326 | 327,414 |
| Unearned Premiums | 114,315 | 31,309 |
| Unearned Fees | (1,944) | (148) |
| Net Cash Provided by Operating Activities | \$ 2,115,471 | \$ 3,335,497 |

MARYLAND HOUSING FUND
STATEMENTS OF CHANGES IN NET POSITION
As of December 31, 2023 and June 30, 2023
(UNAUDITED)

| | Restricted Net Position | | | | | | Unrestricted Accumulated Deficit | Total |
|--|-------------------------|-------------------------------------|--------------------------------------|---------------------|--------------------|------------------------|--|---------------|
| | Multi-Family Reserve | Single Family Regular Reserve | Revitalization (Pilot) Reserve | Business Reserve | General Reserve | Unallocated Reserve | | |
| BALANCE AT JUNE 30, 2022 | \$ 44,698,739 | \$ 13,821,570 | \$ 2,185,258 | \$ 10,000,000 | \$ 8,593,422 | \$ 5,636,189 | \$ (6,324,779) | \$ 78,610,399 |
| Interest Income Allocated at the Discretion of DHCD Secretary | - | - | - | - | - | 2,671,918 | (2,671,918) | - |
| Inter-reserve Transfers | 9,000,000 | | | (1,000,000) | (6,000,000) | (2,000,000) | - | - |
| Transfers Out | - | - | - | - | - | - | - | - |
| Change in Net Position | - | 72,096 | - | - | - | - | 2,652,957 | 2,725,053 |
| BALANCE AT JUNE 30, 2023 | 53,698,739 | 13,893,666 | 2,185,258 | 9,000,000 | 2,593,422 | 6,308,107 | (6,343,740) | 81,335,452 |
| Interest Income Allocated at the Discretion of DHCD Secretary | - | - | - | - | - | 1,628,092 | (1,628,092) | - |
| Inter-reserve Transfers | | | | | | | - | - |
| Transfers Out | - | - | - | - | - | - | - | - |
| Change in Net Position | - | - | - | - | - | - | 1,628,844 | 1,628,844 |
| BALANCE AT DECEMBER 31, 2023 | \$ 53,698,739 | \$ 13,893,666 | \$ 2,185,258 | \$ 9,000,000 | \$ 2,593,422 | \$ 7,936,199 | \$ (6,342,988) | \$ 82,964,296 |

APPENDIX G

MORTGAGE INSURANCE AND
GUARANTY PROGRAMS

APPENDIX G

MORTGAGE INSURANCE AND GUARANTY PROGRAMS

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

Introduction

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

FHA Mortgage Insurance Program

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

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

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

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

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

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

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

VA Home Loan Guaranty Program

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

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

USDA/RD Mortgage Guarantee Program

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

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

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

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

Private Mortgage Insurance

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

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

Homeowners Protection Act

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

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

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

THE MHF INSURANCE PROGRAM

The following describes the mortgage insurance programs administered by the Maryland Housing Fund (“MHF”) pursuant to Section 3-201 through 3-208 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the “MHF Statute”), and is qualified in its entirety by reference to 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 businesses (“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 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 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, 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 provides limited insurance for bridge loans made by the Administration until equity capital contributions are 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. There are no loans currently insured under this 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 (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 MHF’s Unallocated Reserve. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million. There are no loans currently insured under this program.

Single Family Loan Programs

In June 2005, the Department opened a program of MHF to insure 30-year and 40-year amortizing Single Family loans being purchased by the Administration. Because market conditions caused unexpectedly 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 Program Insurance 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. In this agreement, MHF agreed to provide credit enhancement on loans enrolled in the program for a period of up to 10 years from the date the loan is enrolled in the pool. MHF’s ability to enroll new loans under that agreement terminated March 31, 2012, and the ten-year coverage of the last loans enrolled in this pool ended on March 28, 2022.

The Department negotiated an agreement dated January 12, 2012, authorizing the expenditure of up to an additional \$800,000 of the Revitalization Program Insurance Reserve to provide credit enhancement for a second loan pool. Similar to the first loan pool, the credit enhancement will last for a period of up to ten years after the date the loan is enrolled in the pool; the enrollment period for the second pool ended in January 2020. There are 99 loans in this second pool totaling \$12,077,675 in outstanding balances with a remaining contingent liability of \$241,553. A new agreement effective January 2, 2020 was negotiated authorizing the expenditure of up to an additional \$600,000 of the Revitalization Program Insurance Reserve to provide credit enhancement for a third loan pool. Like the previous pools, the credit enhancement will last for a period of up to ten years from the date the loan is enrolled in the pool. All loans to be credit enhanced in this third pool must be enrolled by January 2, 2025. There are currently 70 loans enrolled in this third pool totaling \$8,928,935 in outstanding balances with a current contingent liability of \$153,067.

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 Insurance (“General Reserve”) was officially established by regulation in November 2008 to insure a broad range of programs, including the HOPE initiative. There have been no new loans under this program in the past several years that by June 2023, MHF reduced the General Reserve initially set aside to back the insurance obligation in this program to \$2,593,422, transferring \$6 million of the reduction to Multifamily. As of December 31, 2023, there are only 9 remaining loans insured in this program with outstanding balances totaling \$1,780,637.

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. A separate Business Insurance Reserve (“Business Reserve”) was created for this program funded by a \$1.5 million Reserves transfer from General Reserve in 2017 and a total of \$7.5 million transfers from Unallocated Reserve during 2018, 2021, and 2023. There are no loans currently insured under this program.

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. No transfer occurred 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. As the amount in the Unallocated Reserve at end of fiscal years June 30, 2017 through 2019 and June 30, 2021 through 2023 was less than \$10 million; no transfer was required in fiscal years 2018, 2019, 2020, 2022, and 2023. While in fiscal year 2021 MHF transferred \$152 thousand based upon the balance outstanding in that reserve as of June 30, 2020. For more information, see “Management’s Presentation of the MHF Program” below.

MANAGEMENT’S PRESENTATION OF THE MHF PROGRAM

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

Financial Statements and Information

The financial statements of MHF for the fiscal year ending June 30, 2023 and June 30, 2022 have been audited by CliftonLarsonAllen 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 MHF Programs.

Income and Reserves

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

MHF currently maintains six insurance reserves, which are separate from MHF’s operating funds. Five of the reserves cover specific categories of insurance: the Multifamily Insurance Reserve, the Single Family Regular Insurance Reserve, the Revitalization Program Insurance Reserve, the Business Reserve and the General Reserve. The investment

earnings on each of the five specific reserves are credited to a sixth 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 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 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

In fiscal year ending June 30, 2023, the overall equity increased from \$78,610,399 to \$81,335,452 mostly attributable to higher interest income as interest earnings on fund reserves began to improve in the latter part of the fiscal year 2022. In the first two quarters of fiscal year 2024 ending December 31, 2023, the overall equity further increased to \$82,964,296 primarily coming from the interest income on fund reserves.

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 2023, the Unrestricted Accumulated Deficit increased from \$6,324,779 to \$6,343,740, attributed to the recapture of accrued claims of \$72,096 back into the Single Family Reserve due to the denial of the claim submitted, offset by the operating income of \$53,135 (net of investment income on reserve funds). There has been no significant change in the Unrestricted Accumulated Deficit from the June 30, 2023 level as operating income from premiums and fees on new multi-family loan closings was enough to cover the year to date operating expenses.

Discussion of Changes in Net Position

In fiscal year 2023, MHF reported a Change in Net Position of \$2,725,053 attributable to higher interest income on its reserves. As of end of second quarter of fiscal year 2024, MHF reported a Change in Net Position of \$1,628,844 primarily attributable to the interest income on reserves just like in the previous fiscal year.

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 yet; 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 December 31, 2023:

| | <u>Single Family</u> | <u>Multifamily</u> | <u>Business</u> | <u>Total</u> |
|--|----------------------|--------------------|-----------------|------------------|
| Premiums and Fees Collected ⁽¹⁾ | \$86,724 | \$ 1,246,970 | \$ 0 | \$ 1,333,695 |
| Operating Expenses Paid ⁽²⁾ | (658,749) | (251,423) | 0 | (910,172) |
| Premiums Net of Operating Expenses | (572,024) | 995,547 | 0 | 423,523 |
| Claims ⁽³⁾ | 0 | 0 | 0 | 0 |
| Recoveries ⁽⁴⁾ | | 20,256 | 0 | 20,256 |
| Net Claim Activity | | 20,256 | 0 | 20,256 |
| Other ⁽⁵⁾ | (3,963) | (24,533) | 0 | (28,496) |
| Net Cash from Selected Activity | <u>(575,987)</u> | <u>\$991,270</u> | <u>\$ 0</u> | <u>\$415,283</u> |

Notes:

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

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

⁽³⁾ Claims include principal, interest, and supplemental expenses incurred on claims and carrying costs on acquired properties. No claims submitted in 1st and 2nd quarters of FY2024

⁽⁴⁾ Includes payment receipts on mortgage receivables and collections from the MD Central Collection Unit

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

During the fiscal year ending June 30, 2023, the net activity in MHF’s operating cash was (\$567,134) for Single Family and \$1,241,870 for Multi-Family. The change in operating cash in Single Family was primarily due to allocated operating expenses exceeding net revenues offset by the collection of the remaining long outstanding receivables from other funds related to foreclosed properties. The change in operating cash in Multi-Family was primarily due to premium revenues from existing insured loans and new insured loans exceeding the allocated operating expenses.

During the second quarter of fiscal year 2024, ending December 31, 2023, the net activity in MHF’s operating cash was (\$575,987) for Single Family and \$991,270 for Multi-Family. The change in operating cash in Single Family was primarily due to allocated operating expenses exceeding revenues. The change in operating cash in Multi-Family was primarily due to premium and applications fees on new insurance applications.

Liquidity

MHF’s primary uses of funds are to pay its operating expenses (direct and indirect) and to satisfy Business, Multifamily and Single Family claims under its insurance policies resulting from loan defaults (payment or physical) by

insured borrowers. In general, MHF's insurance policies require MHF to pay claims to lenders, which include the total principal outstanding, interest in arrears (through foreclosure), and other expenses associated with failed real estate loans (e.g., foreclosure costs, negative escrows, etc.). MHF occasionally acquires a loan or property with the payment of a claim. The proceeds of the sale of acquired loans or properties are deducted from the original claims to derive the net loss (or net gain) associated with the defaulted loan claims.

In addition to any proceeds from the sale of assets acquired through the payment of claims, MHF's primary revenue sources result from mortgage insurance premiums paid by 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 resale 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 Single Family Regular Insurance 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 Insurance 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 Regular Insurance Reserve (as may be reduced as described below) to exceed 25 to 1, and that no new insurance payable from the Single Family Regular Insurance 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 the 2010 Single Family Insurance Agreement between MHF and the 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 Insurance Reserve Ratios

| | <u>06/30/22</u> | <u>06/30/23</u> | <u>12/31/23</u> |
|--|-----------------|-----------------|-----------------|
| Single Family Regular Insurance Reserve ⁽¹⁾⁽²⁾ | \$13,821,570 | \$13,893,666 | \$13,893,666 |
| Amount Available for Calculation of Ratio of Insurance to Available Reserve ⁽³⁾ | 13,821,570 | 13,893,666 | 13,893,666 |
| Primary Insurance coverage in force ⁽⁴⁾ | | | |
| Insurance Agreement prior to 2005 | 1,300,697 | 814,140 | 640,477 |
| Insurance Agreement post 2005 | 3,281,353 | 3,052,988 | 2,892,503 |
| Pool Insurance coverage in force ⁽⁵⁾ | - | - | - |
| Ratio of Mortgage Loans to the Regular Reserve | 0.33 to 1 | 0.28 to 1 | 0.25 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 December 31, 2023, 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 Insurance Reserve.

⁽³⁾ In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Insurance Reserve or the Multifamily Insurance Reserve may be reduced in a manner determined by MHF to be appropriate. As of December 31, 2023, there was no reduction in the Single Family Regular Insurance 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 (\$2,561,909 at December 31, 2023). The primary insurance coverage is 35% of the allowable claim for loans insured under the 2005 Single Family Insurance Agreement (\$8,264,295 at December 31, 2023).

⁽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.

Discussion of Multifamily Insurance Leverage Ratios

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 Insurance Reserve (as may be reduced as described below) to exceed 10 to 1, and that no new insurance payable from the Multifamily Insurance 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 Insurance Reserve).

Selected Information about the Multifamily Insurance Reserve Ratios

| | <u>06/30/22</u> | <u>06/30/23</u> | <u>12/31/23</u> |
|--|-----------------|-----------------|-----------------|
| Total Multifamily Insurance Reserve ⁽¹⁾ | \$44,698,739 | \$53,698,739 | \$53,698,739 |
| Amount Available for Calculation of Ratio of Insurance to Available Reserve ⁽²⁾ | 44,698,739 | 53,698,739 | 53,698,739 |
| Insurance Outstanding | | | |
| Multifamily mortgage insurance in force | \$168,232,957 | \$195,494,511 | \$207,033,632 |
| Ratio of Insurance to Available Reserve | 4.26 to 1 | 3.93 to 1 | 4.33 to 1 |

Notes:

⁽¹⁾ The Multifamily Insurance Reserve does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of December 31, 2023, MHF had committed to additional mortgages in the amount of \$25,749,133.

⁽²⁾ In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Insurance Reserve or the Multifamily Insurance Reserve may be reduced in a manner determined by MHF to be appropriate. As of December 31, 2023, there was no reduction in the Multifamily Insurance Reserve to cover the accumulated deficit.

The total amount of the Multifamily Insurance 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 amount of such potential claims was \$141,428 as of December 31, 2023. 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. These amounts are potentially payable from other resources of MHF, including operating cash, the Unallocated Reserve and the Single Family Regular Insurance Reserve.

Discussion of Single Family Operations

MHF has taken steps to address the potential Single Family claims. A part of this focus is applying 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 ensure 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 contractors and 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 Insurance Reserve and the Revitalization Program Insurance Reserve. Prior to 2016, MHF acquired properties upon paying a claim. No properties have been acquired by MHF since fiscal year 2016 as the Administration has elected to keep title to all acquired properties and only request MHF to pay its pro rata claim amount. The data for all reporting periods is subject to adjustment due to additional expenses paid and proceeds received subsequently. No claims were paid in the first two quarters of fiscal year 2024 ending December 31,2023.

Single Family Claims Experience

| | <u>06/30/22</u> | <u>06/30/23</u> | <u>12/31/23</u> |
|----------------------|-----------------|---------------------------|-----------------|
| Pro-Rata Claims Paid | \$16,309 | (\$65,995) ⁽¹⁾ | - |
| Properties Acquired | - | - | - |
| Gross Claims Paid | 16,309 | (65,995) | - |
| Recoveries | (3,380) | (6,101) | - |
| Net Claims Paid | \$12,929 | (\$72,096) | - |

⁽¹⁾The amount is net of the \$11,762 claim in fiscal year 2023 and the reversal of a \$77,757 prior year claim due to the denial of the claim submitted.

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 Insurance 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 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 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 December 31, 2023. The amounts shown are net of debt service claim payments.

Outstanding Multifamily Insurance

| Lender | Units | # of Loans | Original Insured Principal Amount | Current Balances |
|--|--------------|---------------|--------------------------------------|----------------------|
| CDA permanent financing on large multifamily projects ⁽¹⁾ | 8,516 | 100 | \$246,140,850 | \$197,555,208 |
| CDA Demonstration Program ⁽²⁾ | - | - | - | - |
| CDA Special Housing Opportunity Program (SHOP) ⁽³⁾ | 379 | 111 | 17,198,219 | 9,478,423 |
| TOTAL | 8,895 | 211 | \$263,339,069 | \$207,033,631 |

⁽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 21 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 as of December 31, 2023.

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

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 or otherwise present a strong risk of financial or physical default.

MHF’s Risk Rating of the Multifamily Projects as of December 31, 2023

| | Outstanding Principal Balances | Percentage of Total Principal | Number of Loans | Number of Projects |
|---------------------------|-----------------------------------|----------------------------------|--------------------|-----------------------|
| "A" Loans: ⁽¹⁾ | \$466,021,230 | 84.41% | 87 | 72 |
| "B" Loans: | 85,856,966 | 15.55% | 12 | 12 |
| "C" Loans: | 211,739 | 0.04% | 1 | 1 |
| Portfolio Totals: | \$552,089,935 | 100.0% | 100 | 85 |

⁽¹⁾ Included in the 'A' Loans, in the “Outstanding Principal Balance” column, is \$9,478,423 for 111 group home (SHOP) loans, which are not reflected in the 'Number of Loans' nor 'Number of Projects' columns

Portfolio Management. The Division evaluates each of the loans in the “B” and “C” categories to develop an appropriate plan for mitigating risk of potential default. Strategies may include loan modification, use of additional resources, adjustments to funding of reserves for replacement going forward, payment forbearance, and replacement of management agents. As of December 31, 2023, there was one loan in the “C” category collateralized by a marketable security whose value significantly exceeds the outstanding loan amount, minimizing any additional financial risk to MHF.

Multifamily Claims Experience

The following chart describes claims paid by MHF on loans insured under the Multifamily Insurance Reserve as of December 31, 2023.

In the column entitled “Claims Net of Cash Recoveries,” the figures show the result as of December 31, 2023. Workouts are in progress. See the individual footnotes below for further information.

MULTIFAMILY CLAIMS PAID BY MHF

| Development/Claim Status | Principal | Interest & Carrying Costs | Total | Recoveries | Claims Net of Cash Recoveries | Date Claim Paid |
|---|-------------|---------------------------------|--------------|-------------|-------------------------------------|--------------------|
| <u>Closed Claims</u> | | | | | | |
| 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 |
| Bellevue-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 |
| Lease Purchase ⁽²⁹⁾ | 1,534,088 | 82,619 | 1,616,707 | 1,000,277 | (616,430) | 05/1996 |
| <u>Claims where debt is outstanding</u> | | | | | | |
| Renaissance Plaza ⁽²⁷⁾ | \$6,907,349 | \$4,680,554 | \$11,587,903 | \$5,071,731 | (\$6,516,168) | 02/1991 |
| Mount Pleasant ⁽²⁸⁾ | 3,506,595 | 601,296 | 4,107,891 | 4,066,175 | (41,716) | 02/1996 |

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) Bellevue-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 County 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.

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

⁽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. The original collateral for the loan consisted of 40 scattered site units, the last two of which were sold in April 2020.

Actuarial Study

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

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:

| <u>Name</u> | <u>Position</u> |
|----------------------|---|
| Joseph A. Pulver | Director, Division of Credit Assurance and MHF |
| Sergei V. Kuzmenchuk | Chief Financial Officer |
| Kenneth F. Fick | Director, Division of Finance and Administration |
| Crystal Quinzani | Deputy Director, Division of Finance and Administration |
| Eizebel Trojillo | Deputy Director, Division of Finance and Administration |

Joseph A. Pulver joined the Division of Credit Assurance as Deputy Director in February 2023. Prior to joining the Division of Credit Assurance, Mr. Pulver worked as an Assistant Attorney General in the Office of the Attorney General of the State of Maryland assigned to the Department of Housing and Community Development and, primarily, the Division of Credit Assurance. Mr. Pulver has fourteen (14) years experience as an attorney representing primarily creditors in financial, banking and real estate workouts, litigation and transactions, including his 4 years with the Office of the Attorney General, 6 years as an associate and partner at Shapiro Sher Guinot & Sandler in Baltimore City, MD, and 4 years an associate at Leitess Friedberg in Owings Mills, MD. Mr. Pulver has a Juris Doctorate (JD) and Masters in Business Administration (MBA) from the University of Baltimore and a Bachelor of Science (BS) degree in General Business from the Robert H. Smith School of Business at the University of Maryland.

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 “DCHFHA”) since October 2008. Prior to joining the DCHFHA, 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 DCHFHA, 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.

Kenneth F. Fick was appointed Director of the Division of Finance and Administration effective January 10, 2024. Mr. Fick has extensive experience serving in key financial leadership positions at both private and public companies including serving as Vice President of Financial Planning and Analysis (“FP&A”) at Citrin Cooperman & Company, LLP; Vice President of FP&A at Berkeley Research Group, LLC; Director in the Strategy & Transformation Services practice at MorganFranklin Consulting, LLC; Chief Financial Officer of Dreamscape Marketing, LLC; Senior Director of FP&A for Vertis Communications Inc. and Director in the Forensic and Litigation Consulting Practice at FTI Consulting Inc. Mr. Fick holds a Bachelor of Science degree in Accounting from the State University of New York at Buffalo and a Master of Business Administration degree from the College of William and Mary.

Crystal Quinzani was appointed Deputy Director, MHF Finance, Special Projects and Reporting for DFA, a position that she held since May 2022. Ms. Quinzani joined the Department in August 2016 as Director of Financial Analysis for DFA and in July 2017 became Director of MHF Finance for DFA. 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.

Eizebel Trojillo was appointed Deputy Director, Budget and Grant Accounting, of the Division of Finance and Administration (DFA), effective May 9, 2022. Prior to her appointment, Ms. Trojillo served as the Director of Budget Analysis for DFA, a position that she held since November 2019. Before joining the Department, Ms. Trojillo worked

overseas with Royal Dutch Shell Philippines for 20 years, with her last position being the Downstream Compliance Manager in charge of Governance, Risk, and Sarbanes-Oxley Act Compliance. Ms. Trojillo holds a Bachelor of Science degree in Accounting from the Assumption College, Makati, Philippines, and is a Certified Public Accountant (Philippines chapter).

Additional Information

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