

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION  
RESIDENTIAL REVENUE BONDS**

JUNE 30, 2012 AND 2011

Community Development Administration  
Residential Revenue Bonds

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## INDEPENDENT AUDITORS' REPORT

Office of the Secretary  
Department of Housing and Community Development

We have audited the accompanying financial statements of the Community Development Administration Residential Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Community Development Administration Residential Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Community Development Administration Residential Revenue Bonds of the Department of Housing and Community Development of the State of Maryland as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Disclosures of Change in Fair Value of Investments and Mortgage-Backed Securities, which is the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*Reznick Group, P.C.*

Baltimore, Maryland  
September 28, 2012

Community Development Administration  
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STATEMENTS OF NET ASSETS  
(in thousands)

June 30, 2012 and 2011

	2012	2011
<b>RESTRICTED ASSETS</b>		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	\$ 329,651	\$ 301,405
Mortgage-backed securities	426	566
Single family mortgage loans	36,213	35,883
Multi-family mortgage loans	1,545	1,392
Accrued interest and other receivables	21,411	20,139
Claims receivable on foreclosed and other loans, net of allowance	87,028	92,742
Real estate owned	6,558	19,226
Total restricted current assets	482,832	471,353
Restricted long-term assets		
Investments	29,593	26,499
Mortgage-backed securities, net of current portion	17,026	53,878
Single family mortgage loans, net of current portion and allowance	1,867,850	2,031,222
Multi-family mortgage loans, net of current portion	29,132	30,901
Accrued interest receivable, net of current portion	11	9
Deferred bond issuance costs	14,108	15,296
Deferred outflow on interest rate swap agreements	35,862	26,475
Total restricted long-term assets	1,993,582	2,184,280
Total restricted assets	\$ 2,476,414	\$ 2,655,633
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accrued interest payable	\$ 30,596	\$ 33,022
Accounts payable	1,403	695
Rebate liability	59	637
Bonds payable	66,795	79,350
Deposits by borrowers	2,138	2,102
Total current liabilities	100,991	115,806
Long-term liabilities		
Rebate liability, net of current portion	6,836	6,571
Bonds payable, net of current portion	1,961,603	2,127,025
Deposits by borrowers, net of current portion	2,396	2,151
Interest rate swap agreements	35,862	26,475
Total long-term liabilities	2,006,697	2,162,222
Total liabilities	2,107,688	2,278,028
<b>NET ASSETS</b>		
Restricted	368,726	377,605
Total liabilities and net assets	\$ 2,476,414	\$ 2,655,633

See notes to financial statements

Community Development Administration  
Residential Revenue Bonds

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

Years ended June 30, 2012 and 2011

	2012	2011
Operating revenue		
Interest on mortgage loans	\$ 117,437	\$ 125,772
Interest on mortgage-backed securities	827	131
Increase in fair value of mortgage-backed securities	3,980	-
Interest income on investments, net of rebate	1,377	1,384
Increase (decrease) in fair value of investments, net of rebate	1,309	(2,186)
Fee income	510	632
Gain on early retirement of debt	5,866	1,584
Gain on sale of mortgage loans	-	513
Other operating revenue	1,212	250
	132,518	128,080
Operating expenses		
Interest expense on bonds	96,232	99,384
Professional fees and other operating expenses	6,940	4,362
Provision for loan losses	16,965	5,169
Origination expenses	2,336	2,762
Losses and expenses on real estate owned, net	8,261	5,780
Loss on foreclosure claims, net	350	547
Amortization of bond issuance costs	582	561
	131,666	118,565
Operating income	852	9,515
Nonoperating revenue (expenses)		
Increase (decrease) in fair value of mortgage-backed securities	512	(585)
Total nonoperating revenue (expenses)	512	(585)
Transfers of funds, net, as permitted by the various bond indentures	(10,243)	81,237
Changes in net assets	(8,879)	90,167
Net assets - restricted at beginning of year	377,605	287,438
Net assets - restricted at end of year	\$ 368,726	\$ 377,605

See notes to financial statements

Community Development Administration  
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STATEMENTS OF CASH FLOWS  
(in thousands)

Years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Principal and interest received on mortgage loans	\$ 194,660	\$ 212,553
Principal and interest received on mortgage-backed securities	1,450	39
Escrow funds received on multi-family loans	1,999	2,121
Escrow funds paid on multi-family loans	(1,718)	(3,036)
Mortgage insurance claims received	89,924	63,115
Foreclosure expenses paid	(8,626)	(8,182)
Transfer claims receivable on foreclosed and other loans	-	(775)
Loan fees received	-	152
Loan fees disbursed	(18)	(1,374)
Purchase of mortgage loans	(3,245)	(116,173)
Purchase of mortgage-backed securities	(174,179)	(55,106)
Transfer of single family loans, net of deferred fees	-	(106,114)
Transfer of mortgage-backed securities	153,129	-
Funds received from sale of mortgage-backed securities	62,030	-
Professional fees and other operating expenses	(6,787)	(4,241)
Funds received from sale of mortgage loans	-	15,488
Other income received	1,212	250
Other reimbursements	(395)	(332)
	309,436	(1,615)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Proceeds from maturities or sales of investments	971	72,128
Purchases of investments	(2,695)	(2,777)
Transfer of investments	-	5,562
Transfer arbitrage rebate liability	-	5,993
Arbitrage rebates paid	(646)	(815)
Interest received on investments	1,586	2,395
	(784)	82,486
Net cash (used in) provided by investing activities		
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	-	132,193
Payments on bond principal	(171,080)	(142,365)
Bond issuance costs	(133)	(1,362)
Transfer refunded bond issuance costs	-	(352)
Interest on bonds	(98,950)	(100,080)
Transfers among Funds	(10,243)	81,237
	(280,406)	(30,729)
Net cash used in noncapital financing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	28,246	50,142
Cash and cash equivalents on deposit with trustee at beginning of year	301,405	251,263
Cash and cash equivalents on deposit with trustee at end of year	\$ 329,651	\$ 301,405

(continued)

Community Development Administration  
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STATEMENTS OF CASH FLOWS - CONTINUED  
(in thousands)

Years ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ 852	\$ 9,515
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Decrease (increase) in assets		
Mortgage loans	158,914	(25,967)
Mortgage-backed securities	38,850	(55,029)
Accrued interest and other receivables	(1,274)	(1,997)
Claims receivable on foreclosed and other loans	(7,315)	(20,310)
Real estate owned	12,668	(12,641)
Due from other Funds	-	39
(Decrease) increase in liabilities		
Accrued interest payable	(2,426)	(363)
Accounts payable	708	298
Rebate liability	(313)	5,549
Deposits by borrowers	281	(915)
Amortizations		
Deferred income and expense on loans	1,826	2,130
Investment discounts and premiums	4	154
Bond original issue discounts and premiums	(292)	(333)
Deferred bond issuance costs	582	561
Loan fees and expenses deferred	(18)	(1,222)
Loan fees and expenses transferred and sold	-	580
Provision for loan losses	16,965	5,169
(Increase) decrease in fair value of investments	(1,374)	2,244
Arbitrage rebates paid	646	815
Transfer arbitrage rebate liability	-	(5,993)
Increase in fair value of mortgage-backed securities	(3,980)	-
Realized gains on mortgage-backed securities sold	2,634	-
Gain on early retirement of debt	(5,866)	(1,584)
Interest received on investments	(1,586)	(2,395)
Interest on bonds	98,950	100,080
	\$ 309,436	\$ (1,615)
Net cash provided by (used in) operating activities		

See notes to financial statements

Community Development Administration  
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NOTES TO FINANCIAL STATEMENTS  
(in thousands)

June 30, 2012 and 2011

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). Consequently, CDA applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBS of the Committee on Accounting Procedure issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with accounting guidance issued by GASB, net assets should be reported as restricted when constraints placed on net asset 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 net assets of the Fund are restricted as to their use as all net assets are pledged to bondholders.

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

Cash and Cash Equivalents on Deposit with Trustee

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, 2012 and 2011, the Fund's cash equivalents were invested in money market mutual funds. Cash equivalents are more fully described in Note 3.

Investments

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage-Backed Securities

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

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance and unamortized loan fees and expenses. Loan fees and expenses are deferred and amortized over the life of the related loans using the effective interest method. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as claims receivables. See Notes 4 and 14 for additional information on mortgage loans and mortgage insurance, respectively.

Accrued Interest and Other Receivables

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

Claims Receivable on Foreclosed and Other Loans

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate Owned

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

Allowance for Loan Losses

Substantially all of the single family mortgage loans of the Fund are insured or guaranteed by agencies of the U.S. Government, the Maryland Housing Fund (MHF), or private mortgage insurers. As of June 30, 2012 and 2011, CDA has established an allowance for loan losses on the uninsured portions of single family mortgage loans with private mortgage insurance. CDA has also established an allowance for loan losses on single family loans with private mortgage insurance that are in foreclosure. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group and a current assessment of probability and risk of loss due to default or deteriorating economic conditions. Multi-family mortgage loans of the Fund are insured or guaranteed; as such, no allowance for loans losses was necessary as of June 30, 2012 and 2011. See Note 4 for additional information on allowance for loan losses.

Deferred Bond Issuance Costs

Costs incurred in issuing bonds are capitalized and amortized using the effective interest method for each respective bond issue. When bonds are redeemed early with mortgage prepayments, a proportionate share of the remaining unamortized costs is recognized as a loss on the Statements of Revenue, Expenses and Changes in Net Assets. If unamortized original issue premiums exceed unamortized deferred issuance costs and original issue discounts, CDA records a gain. However, in an economic refunding, CDA defers unamortized costs and redemption premiums as an offset to the new bonds as more fully described in Note 10.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized deferred gain or loss for bonds refunded for economic purposes and original issue discounts or premiums. See Notes 6, 7, 8, 9, 10 and 12 for more information.

Deposits by Borrowers

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

Rebate Liability on Investments

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Rate Exchange Agreements (Swaps)

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

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2012 and 2011, all mortgage loan yields were in compliance with the Code.

Community Development Administration  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest on Mortgage Loans and Mortgage-Backed Securities

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

Fee Income

CDA receives single family commitment fees and multi-family financing fees at loan origination. These fees are deferred and amortized over the life of the loan.

Origination Expenses

CDA pays originators of its single family loans an origination fee and a servicer release fee. On some single family loans CDA provides the borrowers with grants toward loan down payment and closing costs. These CDA expenses are deferred and amortized over the life of the loan.

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 and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note 15 for additional information.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. All of 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.

Recent Accounting Pronouncements

GASB has issued Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for CDA beginning with its year ending June 30, 2013 and Statement No. 65 *Items Previously Reported as Assets and Liabilities*, which will be effective for CDA beginning with its year ending June 30, 2014. CDA will implement these statements as necessary as of their effective date. While CDA is still in-process of determining the effect of implementing these GASB statements, they are not expected to have a material effect on the financial position of CDA.

Community Development Administration  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

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

The following assets, reported at fair value and held by the Fund as of June 30, 2012 and 2011, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2012	2011
Cash and Cash Equivalents:		
Federated Prime Cash Obligations Fund	\$ 329,651	\$ -
Federated Treasury Obligations Fund	-	301,405
Investments:		
Obligations of U.S. Government Agencies	9,961	8,590
Repurchase and Investment Agreements	19,632	17,909
GNMA Mortgage-backed Securities	17,452	54,444
Total	<u>\$ 376,696</u>	<u>\$ 382,348</u>

Interest Rate Risk

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

Community Development Administration  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2012, 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
Federated Prime Cash Obligations Fund	\$ 329,651	\$ 329,651	\$ 329,651	\$ -	\$ -	\$ -	\$ -
Obligations of U.S. Government Agencies	7,064	9,961	-	-	2,671	-	7,290
Repurchase agreements/ Investment agreements	19,632	19,632	-	-	-	-	19,632
GNMA mortgage-backed securities	16,179	17,452	-	-	-	-	17,452
Total	<u>\$ 372,526</u>	<u>\$ 376,696</u>	<u>\$ 329,651</u>	<u>\$ -</u>	<u>\$ 2,671</u>	<u>\$ -</u>	<u>\$ 44,374</u>

As of June 30, 2011, 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
Federated Treasury Obligations Fund	\$ 301,405	\$ 301,405	\$ 301,405	\$ -	\$ -	\$ -	\$ -
Obligations of U.S. Government Agencies	7,067	8,590	-	-	2,493	-	6,097
Repurchase agreements/ Investment agreements	17,909	17,909	-	-	-	-	17,909
GNMA mortgage-backed securities	55,029	54,444	-	-	-	-	54,444
Total	<u>\$ 381,410</u>	<u>\$ 382,348</u>	<u>\$ 301,405</u>	<u>\$ -</u>	<u>\$ 2,493</u>	<u>\$ -</u>	<u>\$ 78,450</u>

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. The Federated Treasury Obligations Fund invests primarily in repurchase agreements collateralized by Treasury securities and U.S. Treasuries. Both operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. Both can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2012 and 2011, 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, 2012 and 2011, all counterparty ratings were at least equal to the ratings on the Fund's bonds. The ratings on Residential Revenue Bonds as of June 30, 2012 and 2011 were Aa2 by Moody's Investors Service and AA by Fitch Ratings. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5 percent or more of total investments in accordance with accounting guidance issued by GASB.

Community Development Administration  
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NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2012, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Prime Cash Obligations Fund	\$ 329,651	87.51%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	17,452	4.63%		Direct U.S. Obligations	
Obligations of U.S. Government Agencies	9,961	2.65%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				<u>Underlying securities credit rating</u>	
WestLB rated Aaa by Moody's*	<u>19,632</u>	<u>5.21%</u>		Aaa	Moody's
Total	<u>\$ 376,696</u>	<u>100.00%</u>			

\* WestLB AG is formerly known as "Westdeutsche Landesbank Girozentrale." This investment agreement was entered into prior to July 19, 2001 and is therefore governed by guarantor liability in accordance with the agreement reached between the German Federal Government and the European Commission (Letter of Understanding I). The current rating of Aaa by Moody's for this investment agreement is based on such guarantor liability. As of July 19, 2005, all contracts entered into with West LB AG between July 19, 2001 and July 18, 2005 which mature after December 31, 2015, and contracts entered into after July 18, 2005 are not covered by the guarantor liability, and therefore carry WestLB's current Moody's rating of A3. Subsequent to June 30, 2012, WestLB AG has changed its name to Portigon AG effective July 2, 2012. All existing contractual agreements with WestLB AG will continue to exist unchanged.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2011, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Treasury Obligations Fund	\$ 301,405	78.83%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	54,444	14.24%		Direct U.S. Obligations	
Obligations of U.S. Government Agencies	8,590	2.25%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				<u>Underlying securities credit rating</u>	
WestLB rated Aa1 by Moody's*	<u>17,909</u>	<u>4.68%</u>		Aaa	Moody's
Total	<u>\$ 382,348</u>	<u>100.00%</u>			

\* WestLB AG is formerly known as "Westdeutsche Landesbank Girozentrale." This investment agreement was entered into prior to July 19, 2001 and is therefore governed by guarantor liability in accordance with the agreement reached between the German Federal Government and the European Commission (Letter of Understanding I). The current rating of Aa1 by Moody's for this investment agreement is based on such guarantor liability. As of July 19, 2005, all contracts entered into with West LB AG between July 19, 2001 and July 18, 2005 which mature after December 31, 2015, and contracts entered into after July 18, 2005 are not covered by the guarantor liability, and therefore carry WestLB's current Moody's rating of A2.

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

All mortgage-backed securities held by CDA 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.

As an investor of GNMA I mortgage-backed securities (MBS), CDA receives separate principal and interest payments on the 15th of each month; however, for GNMA II MBS, CDA receives the total principal and interest from a central paying agent on the 20th of each month. All mortgages backing a GNMA I MBS have the same mortgage rate equal to 50 basis points greater than the coupon, with 44 basis points of servicing fee and 6 basis points of guaranty fee. Similarly, GNMA II MBS also have 6 basis points of guaranty fee, but the mortgage rate for the loans backing the security can vary between 25 to 75 basis points greater than the coupon which may result in a variety of servicing fees.

In January 2012, CDA expanded the sources of financing for its mortgage-backed securities program through the ongoing sale of forward contracts of GNMA mortgage-backed securities. These securities are comprised of single family mortgage loans originated by CDA’s network of approved lender partners. As part of this program, CDA periodically enters into forward contracts to sell GNMA mortgage-backed securities to investors before the securities are ready for delivery (referred to as “to-be-announced” or “TBA Mortgage-Backed Security Contract”). These forward contracts are settled monthly, using funds held in Residential Revenue Bonds’ additional collateral account, prior to being sold into the secondary market. As of June 30, 2012, CDA entered into TBA Mortgage-Backed Security Contracts with a notional amount of \$50,037 outstanding. The increase/decrease in the fair value of GNMA mortgage-backed securities that are part of the TBA program is classified as operating revenue on the Statements of Revenue, Expenses and Changes in Net Assets.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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, 2012 and 2011, 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.

NOTE 4 - MORTGAGE LOANS

Substantially all single family mortgage loans of the Fund are secured by first liens on the related property. Approximately 98% of all the single family mortgage loans are credit enhanced through the FHA mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs, the Maryland Housing Fund (MHF) or by private mortgage insurers. As of June 30, 2012 and 2011, interest rates on such loans ranged from 1.0% to 13.9% and remaining loan terms ranged from approximately 1 to 40 years.

All of the Fund's multi-family mortgage loans are credit enhanced through FHA, FHLMC or MHF. Interest rates on such loans range from 5.25% to 12%. As of June 30, 2012 and 2011, remaining loan terms ranged from approximately 1 to 21 years and less than 3 to 22 years, respectively.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 4 - MORTGAGE LOANS (Continued)

For the years ended June 30, 2012 and 2011, the single family mortgage loan and claims receivable balances and changes in the allowance for loan losses on the uninsured portions of single family loans with private mortgage insurance, including loans in foreclosure and other loans with pending insurance claims, were as follows:

	2012	2011
Single family mortgage loans	\$ 1,917,626	\$ 2,076,732
Allowance for loan losses		
Beginning balance	9,627	10,480
Provision for loan losses	3,936	(853)
Ending balance	13,563	9,627
Single family mortgage loans, net	\$ 1,904,063	\$ 2,067,105
Claims receivable on foreclosed and other loans	\$ 105,150	\$ 105,905
Allowance for loan losses		
Beginning balance	13,163	9,541
Provision for loan losses	13,029	6,022
Charge offs	(8,070)	(2,400)
Ending balance	18,122	13,163
Claims receivable on foreclosed and other loans, net	\$ 87,028	\$ 92,742

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2012 and 2011 were as follows:

	2012	2011
Accrued mortgage loan interest	\$ 19,946	\$ 18,727
Accrued investment interest	587	524
Accrued mortgage-backed securities interest	50	169
Funds due from mortgage insurers for loan modifications	82	366
Reimbursement due for state-funded loans	498	362
Miscellaneous billings	259	-
	\$ 21,422	\$ 20,148

NOTE 6 - SHORT-TERM DEBT

CDA issues short-term debt to preserve volume cap when prepayments and payments from mortgages exceed the demand for new mortgages. Proceeds of the short-term debt are used to refund and to pay at maturity prior series of bonds. At the time of the refunding, prepayments and repayments of mortgage loans financed by these prior bonds are transferred to accounts in the short-term series. CDA expects to make these funds available to purchase mortgage loans upon the maturity or earlier redemption of the short-term bonds with proceeds of additional long-term bonds. By issuing the short-term debt, CDA more closely matches the rates on the short-term debt with the rates on short-term investments. When there is sufficient mortgage demand, CDA issues long-term refunding bonds to redeem the short-term debt and the prepayments and repayments are used to fund new mortgages. For the years ended June 30, 2012 and 2011, CDA did not issue any short-term debt.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 7 - BONDS PAYABLE

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

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed.

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

2003 Series C; 2004 Series F and I; 2006 Series G and J; 2007 Series F, J and M;  
and 2008 Series D

The rate is set weekly by a remarketing agent so that the market value of the bonds is as close as possible to 100% of the principal amount of the bonds, except for 2007 Series J and M which were remarketed on March 8, 2012 converting the interest rate from a weekly mode to a daily mode. On July 26, 2012, 2007 Series J and M were remarketed again and the interest rate was converted back to a weekly mode. In no event will the bonds bear interest at a rate in excess of 12%.

2011 Series B

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

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

2006 Series S and 2007 Series B, E and I

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2012, and the debt outstanding and bonds payable as of June 30, 2012:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2011	Bond Activity			Debt Outstanding at June 30, 2012	Discounts/premiums and other deferred costs	Bonds payable at June 30, 2012
					New bonds issued	Scheduled maturity payments	Bonds redeemed			
Residential Revenue Bonds										
1998 Series A	01/01/98	4.80% - 4.90%	2011 - 2012	\$ 485	\$ -	\$ (350)	\$ (135)	\$ -	\$ -	\$ -
1998 Series D	12/01/98	5.15% - 5.25%	2018 - 2029	25,765	-	(1,670)	(345)	23,750	-	23,750
1999 Series C	05/01/99	4.70% - 4.95%	2011 - 2015	2,665	-	(645)	-	2,020	-	2,020
1999 Series D	05/01/99	4.90% - 5.40%	2011 - 2031	24,900	-	(630)	(195)	24,075	(2)	24,073
2001 Series A	03/01/01	4.50% - 5.00%	2011 - 2017	8,825	-	(1,460)	-	7,365	-	7,365
2001 Series B	03/01/01	4.65% - 5.375%	2011 - 2022	7,095	-	(30)	(930)	6,135	-	6,135
2001 Series E	06/01/01	4.55%	9/1/2011	130	-	(130)	-	-	-	-
2001 Series G	08/15/01	4.20%	9/1/2011	1,435	-	(1,435)	-	-	-	-
2001 Series H	08/15/01	4.40% - 5.35%	2011 - 2033	31,500	-	(310)	(440)	30,750	-	30,750
2003 Series A	11/01/03	3.55% - 4.05%	2011 - 2015	4,745	-	(880)	-	3,865	-	3,865
2003 Series B	11/01/03	4.75% - 5.00%	2019 - 2026	3,440	-	-	(940)	2,500	90	2,590
2003 Series C	12/09/03	Variable rate	9/1/2035	20,000	-	-	-	20,000	-	20,000
2004 Series A	05/13/04	3.45% - 4.20%	2011 - 2016	6,500	-	(990)	-	5,510	-	5,510
2004 Series B	05/13/04	5.00%	2023 - 2028	4,800	-	-	(1,230)	3,570	84	3,654
2004 Series D	08/12/04	3.65% - 4.40%	2011 - 2016	7,665	-	(1,160)	-	6,505	-	6,505
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	10,960	-	-	(1,565)	9,395	105	9,500
2004 Series F	08/12/04	Variable rate	9/1/2035	20,000	-	-	-	20,000	-	20,000
2004 Series G	11/10/04	3.00% - 3.65%	2011 - 2016	7,835	-	(1,205)	-	6,630	-	6,630
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	10,920	-	-	(1,145)	9,775	228	10,003
2004 Series I	11/10/04	Variable rate	9/1/2035	20,000	-	-	-	20,000	-	20,000
2005 Series A	03/30/05	3.25% - 3.90%	2011 - 2016	8,065	-	(1,230)	-	6,835	-	6,835
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	17,255	-	-	(2,195)	15,060	214	15,274
2005 Series D	11/10/05	3.50% - 4.05%	2011 - 2017	9,160	-	(1,170)	-	7,990	-	7,990
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	37,615	-	-	(2,665)	34,950	322	35,272
2006 Series A	02/23/06	3.60% - 4.10%	2011 - 2017	8,835	-	(1,130)	-	7,705	-	7,705
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	40,900	-	-	(4,275)	36,625	275	36,900
2006 Series E	05/24/06	3.80% - 4.35%	2011 - 2017	17,365	-	(2,210)	-	15,155	-	15,155
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	43,130	-	-	(8,150)	34,980	855	35,835
2006 Series G	05/24/06	Variable rate	9/1/2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	3.80% - 4.15%	2011 - 2017	13,055	-	(1,655)	-	11,400	-	11,400
2006 Series I	07/13/06	4.05% - 6.00%	2011 - 2041	113,990	-	(1,650)	(13,905)	98,435	1,617	100,052
2006 Series J	07/13/06	Variable rate	9/1/2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.80% - 4.15%	2011 - 2017	11,110	-	(1,400)	-	9,710	-	9,710
2006 Series L	09/14/06	4.10% - 5.75%	2011 - 2041	144,400	-	(1,485)	(11,515)	131,400	1,122	132,522
2006 Series O	12/13/06	3.55% - 3.85%	2011 - 2017	7,380	-	(940)	-	6,440	-	6,440
2006 Series P	12/13/06	3.95% - 5.75%	2011 - 2037	73,995	-	(1,560)	(7,525)	64,910	728	65,638
2006 Series S	12/13/06	6.07%	9/1/2037	21,540	-	-	(1,715)	19,825	-	19,825

(continued)

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2011	Bond Activity			Debt Outstanding at June 30, 2012	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2012
					New bonds issued	Scheduled maturity payments	Bonds redeemed			
Residential Revenue Bonds (continued)										
2007 Series A	03/28/07	3.90% - 5.75%	2012 - 2047	\$ 242,560	\$ -	\$ (1,730)	\$ (28,030)	\$ 212,800	\$ 5,189	\$ 217,989
2007 Series B	03/28/07	6.00%	9/1/2037	27,300	-	-	(3,685)	23,615	-	23,615
2007 Series C	06/20/07	3.70% - 3.95%	2011 - 2017	36,720	-	(4,880)	-	31,840	-	31,840
2007 Series D	06/20/07	4.65% - 5.50%	2022 - 2048	157,345	-	-	(14,255)	143,090	1,707	144,797
2007 Series E	06/20/07	5.04% - 6.11%	2011 - 2042	45,570	-	(1,405)	-	44,165	-	44,165
2007 Series F	06/20/07	Variable rate	9/1/2031	44,305	-	-	(2,285)	42,020	-	42,020
2007 Series G	08/09/07	3.90% - 4.30%	2011 - 2017	45,635	-	(5,745)	-	39,890	-	39,890
2007 Series H	08/09/07	4.95% - 5.20%	2022 - 2048	61,490	-	-	(2,110)	59,380	-	59,380
2007 Series I	08/09/07	5.51% - 6.56%	2011 - 2043	58,875	-	(1,745)	-	57,130	-	57,130
2007 Series J	08/09/07	Variable rate	9/1/2031	55,705	-	-	(2,210)	53,495	-	53,495
2007 Series K	12/12/07	3.35% - 3.85%	2011 - 2017	23,155	-	(3,085)	(585)	19,485	-	19,485
2007 Series M	12/12/07	Variable rate	9/1/2043	29,050	-	-	-	29,050	-	29,050
2008 Series A	06/19/08	2.95% - 4.00%	2011 - 2017	52,960	-	(4,000)	(110)	48,850	-	48,850
2008 Series B	09/04/08	2.95% - 4.20%	2011 - 2017	15,860	-	(2,035)	-	13,825	-	13,825
2008 Series C	09/04/08	4.45% - 5.65%	2019 - 2048	66,335	-	-	(1,365)	64,970	-	64,970
2008 Series D	09/04/08	Variable rate	9/1/2038	49,890	-	-	-	49,890	-	49,890
2008 Series E	12/17/08	3.35% - 4.55%	2011 - 2017	20,500	-	(2,500)	-	18,000	-	18,000
2008 Series F	12/17/08	4.75% - 5.40%	2018 - 2023	7,795	-	-	(205)	7,590	-	7,590
2009 Series A	09/24/09	1.10% - 5.05%	2011 - 2039	39,230	-	(770)	-	38,460	-	38,460
2009 Series B	10/08/09	1.00% - 4.75%	2011 - 2039	44,100	-	(905)	-	43,195	-	43,195
2009 Series C	10/27/09	0.90% - 4.55%	2011 - 2039	15,665	-	(325)	-	15,340	-	15,340
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	27,965	-	-	(1,325)	26,640	(279)	26,361
2010 Series B	12/16/10	5.125% - 5.25%	2030 - 2035	39,990	-	-	(470)	39,520	(349)	39,171
2011 Series A	05/05/11	0.375% - 5.375%	2012 - 2041	70,825	-	(1,050)	(75)	69,700	1,383	71,083
2011 Series B	05/05/11	Indexed Rate	3/1/2036	20,000	-	-	-	20,000	(96)	19,904
Total				\$ 2,186,285	\$ -	\$ (55,500)	\$ (115,580)	\$ 2,015,205	\$ 13,193	\$ 2,028,398

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2011, and the debt outstanding and bonds payable as of June 30, 2011:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2010	Bond Activity			Debt Outstanding at June 30, 2011	Discounts/premiums and other deferred costs	Bonds payable at June 30, 2011
					New bonds issued	Scheduled maturity payments	Bonds redeemed			
Residential Revenue Bonds										
1998 Series A	01/01/98	4.80% - 5.00%	2011 - 2014	\$ 1,630	\$ -	\$ -	\$ (1,145)	\$ 485	\$ -	\$ 485
1998 Series D	12/01/98	5.15% - 5.25%	2018 - 2029	27,275	-	(800)	(710)	25,765	-	25,765
1999 Series C	05/01/99	4.70% - 4.95%	2011 - 2015	2,665	-	-	-	2,665	-	2,665
1999 Series D	05/01/99	4.90% - 5.40%	2011 - 2031	25,270	-	-	(370)	24,900	(3)	24,897
2000 Series F	08/01/00	4.90%	2011	515	-	-	(515)	-	-	-
2001 Series A	03/01/01	4.50% - 5.00%	2011 - 2017	8,825	-	-	-	8,825	-	8,825
2001 Series B	03/01/01	4.65% - 5.375%	2011 - 2022	8,330	-	-	(1,235)	7,095	-	7,095
2001 Series E	06/01/01	4.55%	2011	780	-	-	(650)	130	-	130
2001 Series G	08/15/01	4.20%	2011	1,435	-	-	-	1,435	-	1,435
2001 Series H	08/15/01	4.40% - 5.35%	2011 - 2033	32,050	-	-	(550)	31,500	-	31,500
2003 Series A	11/01/03	3.25% - 4.05%	2010 - 2015	5,595	-	(850)	-	4,745	-	4,745
2003 Series B	11/01/03	4.75% - 5.00%	2019 - 2026	4,455	-	-	(1,015)	3,440	140	3,580
2003 Series C	12/09/03	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series A	05/13/04	3.20% - 4.20%	2010 - 2016	7,460	-	(960)	-	6,500	-	6,500
2004 Series B	05/13/04	5.00%	2023 - 2028	6,310	-	-	(1,510)	4,800	139	4,939
2004 Series C	05/13/04	Variable rate	2035	20,000	-	-	(20,000)	-	-	-
2004 Series D	08/12/04	3.50% - 4.40%	2010 - 2016	8,785	-	(1,120)	-	7,665	-	7,665
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	13,120	-	-	(2,160)	10,960	166	11,126
2004 Series F	08/12/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series G	11/10/04	2.80% - 3.65%	2010 - 2016	9,005	-	(1,170)	-	7,835	-	7,835
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	11,805	-	-	(885)	10,920	296	11,216
2004 Series I	11/10/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series A	03/30/05	3.05% - 3.90%	2010 - 2016	9,255	-	(1,190)	-	8,065	-	8,065
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	18,625	-	-	(1,370)	17,255	332	17,587
2005 Series C	03/30/05	Variable rate	2035	20,000	-	-	(20,000)	-	-	-
2005 Series D	11/10/05	3.35% - 4.05%	2010 - 2017	10,290	-	(1,130)	-	9,160	-	9,160
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	38,745	-	-	(1,130)	37,615	483	38,098
2006 Series A	02/23/06	3.50% - 4.10%	2010 - 2017	9,930	-	(1,095)	-	8,835	-	8,835
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	41,610	-	-	(710)	40,900	500	41,400
2006 Series E	05/24/06	3.70% - 4.35%	2010 - 2017	19,495	-	(2,130)	-	17,365	-	17,365
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	45,925	-	-	(2,795)	43,130	1,453	44,583
2006 Series G	05/24/06	Variable rate	2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	3.75% - 4.15%	2010 - 2017	14,645	-	(1,590)	-	13,055	-	13,055
2006 Series I	07/13/06	3.95% - 6.00%	2010 - 2041	119,050	-	(885)	(4,175)	113,990	2,657	116,647
2006 Series J	07/13/06	Variable rate	2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.70% - 4.15%	2010 - 2017	12,455	-	(1,345)	-	11,110	-	11,110
2006 Series L	09/14/06	4.10% - 5.75%	2011 - 2041	148,445	-	-	(4,045)	144,400	1,878	146,278
2006 Series O	12/13/06	3.50% - 3.85%	2010 - 2017	8,285	-	(905)	-	7,380	-	7,380
2006 Series P	12/13/06	3.90% - 5.75%	2010 - 2037	76,995	-	(1,500)	(1,500)	73,995	1,276	75,271
2006 Series S	12/13/06	6.07%	2037	22,175	-	-	(635)	21,540	-	21,540

(continued)

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2010	Bond Activity			Debt Outstanding at June 30, 2011	Discounts/premiums and other deferred costs	Bonds payable at June 30, 2011
					New bonds issued	Scheduled maturity payments	Bonds redeemed			
Residential Revenue Bonds (continued)										
2007 Series A	03/28/07	3.80% - 5.75%	2010 - 2047	\$ 250,090	\$ -	\$ (1,630)	\$ (5,900)	\$ 242,560	\$ 7,518	\$ 250,078
2007 Series B	03/28/07	6.00%	2037	27,415	-	-	(115)	27,300	-	27,300
2007 Series C	06/20/07	3.65% - 3.95%	2010 - 2017	41,415	-	(4,695)	-	36,720	-	36,720
2007 Series D	06/20/07	4.65% - 5.50%	2022 - 2048	161,500	-	-	(4,155)	157,345	2,579	159,924
2007 Series E	06/20/07	4.97% - 6.11%	2010 - 2042	46,955	-	(1,385)	-	45,570	-	45,570
2007 Series F	06/20/07	Variable rate	2031	44,305	-	-	-	44,305	-	44,305
2007 Series G	08/09/07	3.80% - 4.30%	2010 - 2017	50,880	-	(5,245)	-	45,635	-	45,635
2007 Series H	08/09/07	4.95% - 5.20%	2022 - 2048	62,265	-	-	(775)	61,490	-	61,490
2007 Series I	08/09/07	5.35% - 6.56%	2010 - 2043	60,585	-	(1,710)	-	58,875	-	58,875
2007 Series J	08/09/07	Variable rate	2031	56,390	-	-	(685)	55,705	-	55,705
2007 Series K	12/12/07	3.30% - 3.85%	2010 - 2017	26,150	-	(2,805)	(190)	23,155	-	23,155
2007 Series M	12/12/07	Variable rate	2043	29,050	-	-	-	29,050	-	29,050
2008 Series A	06/19/08	2.60% - 4.00%	2010 - 2017	55,710	-	(2,000)	(750)	52,960	-	52,960
2008 Series B	09/04/08	2.45% - 4.20%	2010 - 2017	17,280	-	(1,420)	-	15,860	-	15,860
2008 Series C	09/04/08	4.45% - 5.65%	2019 - 2048	77,150	-	-	(10,815)	66,335	-	66,335
2008 Series D	09/04/08	Variable rate	2038	50,000	-	(110)	-	49,890	-	49,890
2008 Series E	12/17/08	2.95% - 4.55%	2010 - 2017	21,500	-	(1,000)	-	20,500	-	20,500
2008 Series F	12/17/08	4.75% - 5.90%	2018 - 2038	18,500	-	-	(10,705)	7,795	-	7,795
2009 Series A	09/24/09	0.65% - 5.05%	2010 - 2039	40,000	-	(770)	-	39,230	-	39,230
2009 Series B	10/08/09	0.65% - 4.75%	2010 - 2039	45,000	-	(900)	-	44,100	-	44,100
2009 Series C	10/27/09	0.45% - 4.55%	2010 - 2039	15,985	-	(320)	-	15,665	-	15,665
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	28,465	-	-	(500)	27,965	(320)	27,645
2010 Series B	12/16/10	5.125% - 5.25%	2030 - 2035	-	40,000	-	(10)	39,990	(361)	39,629
2011 Series A	05/05/11	0.375% - 5.375%	2012 - 2041	-	70,825	-	-	70,825	1,456	72,281
2011 Series B	05/05/11	Indexed Rate	2036	-	20,000	-	-	20,000	(99)	19,901
<b>Total</b>				<b>\$ 2,197,825</b>	<b>\$ 130,825</b>	<b>\$ (40,660)</b>	<b>\$ (101,705)</b>	<b>\$ 2,186,285</b>	<b>\$ 20,090</b>	<b>\$ 2,206,375</b>

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 8 - DEBT SERVICE REQUIREMENTS

As of June 30, 2012, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2012 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 7) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Years ended June 30,	Interest	Principal
2013	\$ 80,697	\$ 66,795
2014	78,273	64,550
2015	75,677	68,165
2016	72,828	72,035
2017	69,865	73,105
2018 - 2022	306,347	314,790
2023 - 2027	243,757	252,685
2028 - 2032	185,752	351,815
2033 - 2037	121,826	389,630
2038 - 2042	48,885	240,755
2043 - 2047	8,449	118,145
2048 - 2052	98	2,735
Totals	\$ 1,292,454	\$ 2,015,205

The interest calculations on outstanding variable rate bonds in the amount of \$354,455 are based on the variable rates in effect on June 30, 2012, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary. See Note 9 for additional information on interest rate exchange agreements (swaps) associated with the variable rate debt in the Fund.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 8 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2011, the required principal payments for bonds (including mandatory sinking fund payments and special and option redemptions that occurred subsequent to June 30, 2011 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 7) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Years ended June 30,	Interest	Principal
2012	\$ 87,299	\$ 79,350
2013	85,137	59,250
2014	82,803	64,550
2015	80,206	68,165
2016	77,356	72,050
2017 - 2021	342,434	339,365
2022 - 2026	276,077	264,740
2027 - 2031	214,731	278,830
2032 - 2036	146,736	506,820
2037 - 2041	64,449	317,575
2042 - 2046	14,570	126,680
2047 - 2051	512	8,910
Totals	\$ 1,472,310	\$ 2,186,285

The interest calculations on outstanding variable rate bonds in the amount of \$358,950 are based on the variable rates in effect on June 30, 2011, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary. See Note 9 for additional information on interest rate exchange agreements (swaps) associated with the variable rate debt in the Fund.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 9 - INTEREST RATE EXCHANGE AGREEMENTS (SWAPS)

Objective of the Swaps

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

Terms and Fair Value

The terms, including the fair values of the outstanding swaps as of June 30, 2012 and 2011, are provided in the tables on the following pages. The counterparty credit ratings for all outstanding swaps as of June 30, 2012 and 2011 are listed under the Credit Risk section. For each of the outstanding swap agreements the variable rates are reset monthly, and it is the intent of CDA to match the maturity of the swaps with the maturity of the underlying bonds. The fair values are based on the market values and are affirmed by an independent advisor who used valuation methods and assumptions in accordance with accounting guidance issued by GASB.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2012, the terms, including fair values of the outstanding swaps, were:

Swap Counter-party	Associated Bond Issue	Original Notional Amount	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received (1)	Fair Value	Swap Final Termination Date
JPMorgan Chase Bank, N.A. (JPM)	2004 Series I	\$20,000	\$20,000	9/1/2005	3.8525%	64% of LIBOR plus .29%	(\$1,345)	9/1/2035 (2)(7)
UBS AG	2006 Series G	\$40,000	\$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	(\$5,201)	9/1/2040 (3)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	\$40,000	\$40,000	7/13/2006	4.4030%	64% of LIBOR plus .29%	(\$5,184)	9/1/2040 (3)(7)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	\$20,000	\$20,000	7/13/2006	4.4550%	64% of LIBOR plus .29%	(\$2,925)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	\$46,485 (amended)	\$35,590	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	(\$4,986)	3/1/2026 (4)(6)(9)(12)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	\$58,680 (amended)	\$45,635	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	(\$7,174)	9/1/2025 (4)(6)(9)(10)
The Bank of New York Mellon (BNYM)	2007 Series M	\$26,990 (amended)	\$16,115	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	(\$1,808)	9/1/2043 (5)(6)(11) (13)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	\$50,000	\$49,890	9/4/2008	3.6880%	64% of LIBOR plus .31%	(\$7,239)	9/1/2038 (8)(9)

Notes to 2012 Table on next page

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

Notes to 2012 Table

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2011, the terms, including fair values of the outstanding swaps, were:

Swap Counter-party	Associated Bond Issue	Original Notional Amount	Outstanding Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received (1)	Fair Value	Swap Final Termination Date
JPMorgan Chase Bank, N.A. (JPM)	2004 Series I	\$20,000	\$20,000	9/1/2005	3.8525%	64% of LIBOR plus .29%	(\$850)	9/1/2035 (2)(7)
UBS AG	2006 Series G	\$40,000	\$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	(\$3,800)	9/1/2040 (3)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	\$40,000	\$40,000	7/13/2006	4.4030%	64% of LIBOR plus .29%	(\$3,770)	9/1/2040 (3)(7)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	\$20,000	\$20,000	7/13/2006	4.4550%	64% of LIBOR plus .29%	(\$2,080)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	\$46,485 (amended)	\$39,760	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	(\$4,450)	3/1/2026 (4)(6)(9)(12)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	\$58,680 (amended)	\$50,860	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	(\$6,600)	9/1/2025 (4)(6)(9)(10)
The Bank of New York Mellon (BNYM)	2007 Series M	\$26,990 (amended)	\$19,975	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	(\$1,505)	9/1/2043 (5)(6)(11) (13)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	\$50,000	\$49,890	9/4/2008	3.6880%	64% of LIBOR plus .31%	(\$3,420)	9/1/2038 (8)(9)

Notes to 2011 Table on next page

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

Notes to 2011 Table

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

Basis Risk

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

Credit Risk

Credit risk is the risk that a swap counterparty will not fulfill its obligations. The fair value of the swaps represented CDA's credit exposure to each counterparty as of June 30, 2012 and 2011. As of June 30, 2012, CDA was not exposed to credit risk under the swap agreements with JPM, UBS AG, MLDP or BNYM since the fair value of each counterparty's swap portfolio was negative. However, should the valuation of any of the individual swaps change, and the fair values turn positive, CDA may become exposed to credit risk in the amount of the swaps' fair values. To mitigate the potential for credit risk, the fair value of the swaps will be fully collateralized by the counterparties if a counterparty's credit quality falls below the designated credit rating thresholds. As of June 30, 2011, CDA was not exposed to credit risk under the swap agreements with JPM, UBS AG, MLDP or BNYM since the swaps had negative fair values.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2012 are summarized below:

Swap Counterparty	Outstanding Notional Amount	Current Credit Rating	Collateral Posting Credit Rating Threshold	Fair Value
JPMorgan Chase Bank, N.A. (JPM)	\$80,000	Aa3 from Moody's A+ from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	(\$9,454)
UBS AG	\$40,000	A2 from Moody's A from Standard and Poor's A from Fitch	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	(\$5,201)
Merrill Lynch Derivative Products AG (MLDP)	\$131,115	Aa3 from Moody's AAA from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	(\$19,399)
The Bank of New York Mellon (BNYM)	\$16,115	Aa1 from Moody's AA- from Fitch	A1 or below from Moody's or A+ or below from Fitch	(\$1,808)

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2011 are summarized below:

Swap Counterparty	Outstanding Notional Amount	Current Credit Rating	Collateral Posting Credit Rating Threshold	Fair Value
JPMorgan Chase Bank, N.A. (JPM)	\$80,000	Aa1 from Moody's AA- from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	(\$6,700)
UBS AG	\$40,000	Aa3 from Moody's A+ from Standard and Poor's A+ from Fitch	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	(\$3,800)
Merrill Lynch Derivative Products AG (MLDP)	\$140,510	Aa3 from Moody's AAA from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	(\$14,470)
The Bank of New York Mellon (BNYM)	\$19,975	Aaa from Moody's AA- from Fitch	A1 or below from Moody's or A+ or below from Fitch	(\$1,505)

Termination Risk

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

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

Rollover Risk

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

Amortization Risk

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

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

Tax Risk

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

Counterparty Risk

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

Swap Payments and Associated Debt

As of June 30, 2012, the following table provides a summary of debt service requirements for hedged variable rate bonds and net swap payments for the next five years and in 5-year increments thereafter. The interest calculations are based on the variable rates in effect on June 30, 2012, and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year ending June 30,	Hedged Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2013	\$ 7,000	\$ 687	\$ 10,251	\$ 17,938
2014	-	667	9,852	10,519
2015	-	667	9,495	10,162
2016	-	668	9,162	9,830
2017	-	666	8,713	9,379
2018 - 2022	10,065	3,291	37,244	50,600
2023 - 2027	10,950	3,203	30,745	44,898
2028 - 2032	108,790	2,893	25,862	137,545
2033 - 2037	72,605	1,190	14,945	88,740
2038 - 2042	41,705	589	3,465	45,759
2043 - 2047	16,115	133	25	16,273
Totals	\$ 267,230	\$ 14,654	\$ 159,759	\$ 441,643

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2011, the following table provides a summary of debt service requirements for hedged variable rate bonds and net swap payments for the next five years and in 5-year increments thereafter. The interest calculations are based on the variable rates in effect on June 30, 2011, and may not be indicative of the actual interest expense that will be incurred. As rates vary, variable rate bond interest payments and net swap payments will vary.

Year ending June 30,	Hedged Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2012	\$ 2,335	\$ 417	\$ 10,869	\$ 13,621
2013	-	279	10,447	10,726
2014	-	279	10,040	10,319
2015	-	279	9,673	9,952
2016	-	280	9,332	9,612
2017 - 2021	8,275	1,378	39,884	49,537
2022 - 2026	9,860	1,321	32,209	43,390
2027 - 2031	28,345	1,233	27,727	57,305
2032 - 2036	158,440	641	17,651	176,732
2037 - 2041	53,255	231	5,515	59,001
2042 - 2046	19,975	45	48	20,068
Totals	<u>\$ 280,485</u>	<u>\$ 6,383</u>	<u>\$ 173,395</u>	<u>\$ 460,263</u>

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

Fair Values

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2011 and June 30, 2012, and the changes in fair values for the period ending June 30, 2012.

	Total Fair Value at June 30, 2011	Total Fair Value at June 30, 2012	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	\$ (26,475)	\$ (35,862)	\$ (9,387)
Investment Derivatives	-	-	-
<b>Total</b>	<b>\$ (26,475)</b>	<b>\$ (35,862)</b>	<b>\$ (9,387)</b>

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2012, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ending June 30, 2012, are as follows:

	Change in Fair Value		Fair Value at June 30, 2012		Outstanding Notional Amounts
	Classification	Amount	Classification	Amount	
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	\$ (9,387)	Debt	\$ (35,862)	\$ 267,230
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	\$ -	Investment	\$ -	\$ -

As of June 30, 2012, all of CDA's swaps do meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

The table below summarizes the total fair values for CDA's interest rate exchange agreements at June 30, 2010 and June 30, 2011, and the changes in fair values for the period ending June 30, 2011.

	Total Fair Value at June 30, 2010	Total Fair Value at June 30, 2011	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	\$ (32,630)	\$ (26,475)	\$ 6,155
Investment Derivatives	-	-	-
Total	<u>\$ (32,630)</u>	<u>\$ (26,475)</u>	<u>\$ 6,155</u>

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ending June 30, 2011, are as follows:

	Change in Fair Value		Fair Value at June 30, 2011		Outstanding Notional Amounts
	Classification	Amount	Classification	Amount	
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	\$ 6,155	Debt	\$ (26,475)	\$ 280,485
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	\$ -	Investment	\$ -	\$ -

At June 30, 2010, CDA had terminated the original swap agreements for the 2007 Series F, J and M swaps. The new agreements were restructured based on the remarketing of the underlying bonds from taxable to tax-exempt. As of June 30, 2011, all of CDA's swaps do meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

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

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

NOTE 10 - BOND REFUNDINGS

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

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds with lower cost debt. This type of transaction is commonly known as an economic refunding. For the year ended June 30, 2011, CDA had redeemed, on July 9, 2010, \$28,465 of Single Family Program 1999 Third Series bonds which were refunded when CDA issued \$28,465 of Residential Revenue Bonds 2010 Series A on June 9, 2010. This refunding reduced total debt service payments over the next 11 years by \$2,625 and resulted in an economic gain of \$1,596.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 10 - BOND REFUNDINGS (Continued)

In economic refundings, CDA defers the difference between the reacquisition price (i.e., the principal of the old debt, plus the call premium) and the net carrying amount of the old debt (i.e., the amount due at maturity, adjusted for any unamortized premium or discount and issuance costs related to the old debt) as an offset to the new bonds on the accompanying Statements of Net Assets in accordance with accounting guidance issued by GASB. This deferral is amortized, using the effective interest method, over the remaining life of the old debt or the life of the new debt, whichever is shorter. As a result of the refunding described above, CDA deferred \$352 of unamortized costs of issuance and call premium. The period of amortization is 128 months.

Also, for the year ended June 30, 2011, CDA issued \$40,000 of Residential Revenue Bonds 2010 Series B on December 16, 2010 which refunded Residential Revenue Bonds 2004 Series C and 2005 Series C variable rate bonds, each with a balance of \$20,000. The refunding allowed CDA to convert the variable rate debt to fixed rate debt while preserving the full permitted yield on the underlying mortgages. There was no economic gain on the transaction. As a result of this refunding, CDA deferred \$364 of unamortized costs of issuance. The period of amortization is 296 months.

For the year ended June 30, 2012, CDA did not issue any refunding bonds for the purpose of lowering its cost of debt.

NOTE 11 - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues. The excess investment earnings arise due to actual investment yields earned by the Fund being greater than yields permitted to be retained by the Fund under the Code. The Code requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses and Changes in Net Assets is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenue, Expenses and Changes in Net Assets is adjusted by the change in the estimated rebate liability due to change in fair value of investments.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 11 - REBATE LIABILITY (Continued)

Rebate liability activity for the years ended June 30, 2012 and 2011 was as follows:

	2012	2011
Beginning rebate liability	\$ 7,208	\$ 1,659
Change in estimated liability due to excess investment earnings	268	429
Change in estimated liability due to change in fair value of investments	65	(58)
Transfer rebate liability	-	5,993
Less - payments made	(646)	(815)
Ending rebate liability	\$ 6,895	\$ 7,208

Total rebate liability is allocated as follows:

	2012	2011
Estimated liability due to excess investment earnings	\$ 6,830	\$ 7,208
Estimated liability due to change in fair value of investments	65	-
Ending rebate liability	\$ 6,895	\$ 7,208

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Rebate liability		
Beginning balance	\$ 7,208	\$ 1,659
Additions	333	6,422
Reductions	(646)	(873)
Ending balance	6,895	7,208
Less due within one year	(59)	(637)
Total long-term rebate liability	6,836	6,571
Bonds payable		
Beginning balance	2,206,375	2,219,608
Additions	-	130,825
Reductions	(171,080)	(142,365)
Change in deferred amounts for issuance discounts/premiums	(6,949)	(1,012)
Change in deferred amounts on refundings	52	(681)
Ending balance	2,028,398	2,206,375
Less due within one year	(66,795)	(79,350)
Total long-term bonds payable	1,961,603	2,127,025
Deposits by borrowers		
Beginning balance	4,253	5,168
Additions	1,999	2,121
Reductions	(1,718)	(3,036)
Ending balance	4,534	4,253
Less due within one year	(2,138)	(2,102)
Total long-term deposits by borrowers	2,396	2,151
Interest rate exchange agreements		
Beginning balance	26,475	32,630
Additions	9,387	-
Reductions	-	(6,155)
Ending balance	35,862	26,475
Total long-term interest rate exchange agreements	35,862	26,475
Total long-term liabilities	\$ 2,006,697	\$ 2,162,222

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 13 - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in Residential Revenue Bonds are 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, 2012 and 2011, the Fund transferred the following amounts, as permitted, among Funds:

	2012	2011
Excess revenue transferred from Single Family Program Bonds	\$ -	\$ 15,361
Cost of issuance on bonds and other expenses transferred from Single Family Program Bonds	-	15
Transfer mortgage loans and mortgage loan-related activity from Single Family Program Bonds	-	101,297
Transfer funds for the refunding of bonds to the Single Family Program Bonds indenture	-	(28,113)
Excess revenue transferred to the General Bond Reserve Fund	(6,875)	(7,300)
Cost of issuance on bonds and other expenses transferred to Single Family Housing Revenue Bonds	(3,346)	-
Transfer to separate account in accordance with HUD agreement	(22)	(23)
	\$ (10,243)	\$ 81,237

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 14 - MORTGAGE INSURANCE

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

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

For a single family loan insured by an agency of the U.S. Government the primary mortgage insurance covers an amount substantially equal to the unpaid principal amount of the loan. Almost all other loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Approximately 2% of all first lien loans either did not have primary mortgage insurance due to their original loan-to-value ratios of less than 80% or have cancelled primary mortgage insurance due to their outstanding balance falling below 80% of the original loan amount. About 43% of all loans are insured by agencies of the U.S. Government in an amount substantially equal to the unpaid principal amount of the loan. Approximately 55% of total loans are insured by private mortgage insurers or MHF. Approximately 81% of the total loans insured by private mortgage insurers or MHF are covered at 35% of the loan amount. The remaining 19% of this group of loans is insured by three different private mortgage insurers who, due to financial constraints or receivership, are currently paying to CDA half of the 35% or approximately 18% of the loan amount. An allowance for loan losses has been established for loans insured by private mortgage insurers. Premiums are paid by single family mortgagors.

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 14 - MORTGAGE INSURANCE (Continued)

CDA has entered into an agreement (the Reinsurance Agreement) with MHF effective January 1, 2011, in order to provide supplemental insurance coverage in the Fund for all private mortgage insured loans and post-2005 MHF primary insured loans residing in the active portfolio as of December 31, 2010. Insured loans in the private mortgage insurance portfolio have 35% coverage from the private mortgage insurer. Upon receipt of the primary mortgage insurance claim, MHF will pay 100% of the remaining claim amount for all private mortgage insured loans and post-2005 MHF primary insured loans that have foreclosure dates occurring after December 31, 2010. Once the claim is paid by MHF, the property is transferred to MHF for disposal and is no longer an asset of CDA. Upon sale of the property and if the sale results in a loss, CDA and MHF will share equally in any such loss incurred. The Reinsurance Agreement shall terminate when the total amount of MHF net losses (the amount calculated after all claims are paid and expenses are realized) reaches \$12,500 or on December 31, 2020, whichever occurs first.

NOTE 15 - PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by CDA to the State of Maryland prior to year end. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at [www.sra.state.md.us](http://www.sra.state.md.us).

Community Development Administration  
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED  
(in thousands)

June 30, 2012 and 2011

NOTE 16 - SUBSEQUENT EVENTS

Events that occur after the date of the statement of net assets but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net assets are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net assets require disclosure in the accompanying notes. Management evaluated the activity of CDA through September 28, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except for the following activity that occurred subsequent to June 30, 2012.

Subsequent to the year ended June 30, 2012, the following bond activity took place:

On August 23, 2012, CDA issued the following bonds:

2012 Series A	\$44,450
2012 Series B	\$45,000

On September 4, 2012, CDA redeemed the following bonds:

2006 Series S	\$145
2007 Series A	\$200
2007 Series B	\$170
2007 Series F	\$2,865
2007 Series H	\$30
2007 Series J	\$4,135

Community Development Administration  
Residential Revenue Bonds

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

June 30, 2012 and 2011

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 Assets.

For investments (obligations of U.S. Government Agencies) held by the Fund as of June 30, 2012, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

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

Community Development Administration  
Residential Revenue Bonds

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

June 30, 2012 and 2011

For mortgage-backed securities held by the Fund as of June 30, 2012, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal year ended June 30,	Annual increases /decreases	Cumulative total
2011	\$ (585)	\$ (585)
2012	\$ 1,858	\$ 1,273

Reconciliation to the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2012:

Increase in fair value of investments held at June 30, 2012	\$ 1,374
Adjustment due to rebate liability (see Note 11)	<u>(65)</u>
Increase in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2012	<u>\$ 1,309</u>

Reconciliation to the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2011:

Decrease in fair value of investments held at June 30, 2011	\$ (2,244)
Adjustment due to rebate liability (see Note 11)	<u>58</u>
Decrease in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2011	<u>\$ (2,186)</u>