Reznick Group

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
MULTI-FAMILY HOUSING REVENUE BONDS
(INSURED MORTGAGE LOANS)

JUNE 30, 2008 AND 2007

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

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Reznick Group

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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 Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2008 and 2007, 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 Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 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, 2008 and 2007, 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.

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 Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) of the Department of Housing and Community Development of the State of Maryland as of June 30, 2008 and 2007, 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.

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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 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 on it.

Reznick Group, P.C.

Baltimore, Maryland
September 26, 2008

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2008 and 2007

	2008	2007
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 10,600	$ 30,049
Multi-family mortgage loans	1,854	2,412
Accrued interest and other receivables	544	784
Total restricted current assets	12,998	33,245
Restricted long-term assets		
Investments	9,184	10,652
Multi-family mortgage loans, net of current portion	58,612	70,942
Deferred bond issuance costs	2	365
Total restricted long-term assets	67,798	81,959
Total restricted assets	$ 80,796	$ 115,204
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	$ 1	$ 119
Accounts payable	6	693
Bonds payable	-	1,700
Deposits by borrowers	2,580	3,070
Total current liabilities	2,587	5,582
Long-term liabilities		
Rebate liability	910	472
Bonds payable, net of current portion	198	33,865
Deposits by borrowers, net of current portion	6,160	6,458
Total long-term liabilities	7,268	40,795
Total liabilities	9,855	46,377
NET ASSETS		
Restricted	70,941	68,827
Total liabilities and net assets	$ 80,796	$ 115,204

See notes to financial statements

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

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

Years ended June 30, 2008 and 2007

	2008	2007
Operating revenue		
Interest on mortgage loans	$ 4,872	$ 6,224
Interest income on investments, net of rebate	1,406	2,075
Increase in fair value of investments, net of rebate	31	1,110
Fee and deferred income	169	209
Other operating revenue	62	676
	6,540	10,294
Operating expenses		
Interest expense on bonds	1,054	2,467
Professional fees and other operating expenses	145	180
Amortization of bond issuance costs	21	45
Loss on early retirement of debt	1,435	716
	2,655	3,408
Operating income	3,885	6,886
Transfers of funds, net, as permitted by the various bond indentures	(1,771)	(176)
Change in net assets	2,114	6,710
Net assets - restricted at beginning of year	68,827	62,117
Net assets - restricted at end of year	$ 70,941	$ 68,827

See notes to financial statements

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 17,365	$ 18,286
Escrow funds received	3,632	4,756
Escrow funds paid	(4,420)	(5,381)
Loan fees received	-	9
Professional fees and other operating expenses	(145)	(180)
Other income received	62	676
Other reimbursements	(2)	470
Net cash provided by operating activities	16,492	18,636
Cash flows from investing activities		
Proceeds from maturities or sales of investments	2,036	12,932
Purchases of investments	-	(12,744)
Arbitrage rebates paid	(138)	-
Interest received on investments	1,564	1,913
Net cash provided by investing activities	3,462	2,101
Cash flows from noncapital financing activities		
Payments on bond principal	(36,480)	(44,145)
Reimbursement of bond costs	20	214
Interest on bonds	(1,172)	(2,722)
Transfers among Funds	(1,771)	(176)
Net cash used in noncapital financing activities	(39,403)	(46,829)
NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	(19,449)	(26,092)
Cash and cash equivalents on deposit with trustee at beginning of year	30,049	56,141
Cash and cash equivalents on deposit with trustee at end of year	$ 10,600	$ 30,049

(continued)

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2008 and 2007

	2008	2007
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 3,885	$ 6,886
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease in assets		
Mortgage loans	13,057	12,011
Accrued interest and other receivables	240	393
(Decrease) increase in liabilities		
Accrued interest payable	(118)	(255)
Accounts payable	(687)	470
Rebate liability	438	(1,104)
Deposits by borrowers	(788)	(951)
Amortizations		
Deferred income on loans	(169)	(200)
Investment discounts and premiums	1	(187)
Deferred bond issuance costs	21	45
(Increase) decrease in fair value of investments	(245)	3
Realized gains on investments sold	(324)	-
Arbitrage rebates paid	138	-
Loss on early retirement of debt	1,435	716
Interest received on investments	(1,564)	(1,913)
Interest on bonds	1,172	2,722
Net cash provided by operating activities	$ 16,492	$ 18,636

See notes to financial statements

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2008 and 2007

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 Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (the Fund). CDA's other Funds are not included. The Fund was established to provide construction and permanent financing for multi-family housing projects.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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). CDA has adopted GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CDA has adopted GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis.* Under GASB Statement No. 34, 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, 2008 and 2007, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

Investments

Investments are principally governmental debt securities. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of unamortized loan fees. Loan fees are deferred and amortized over the life of the related loans using the effective interest method. See Notes 4 and 11 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

All of the mortgage loans of the Fund are insured or guaranteed. As such, no allowance for loan losses was necessary as of June 30, 2008 and 2007. See Notes 4 and 11 for additional information.

Accrued Interest and Other Receivables

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

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. However, in an economic refunding, CDA defers unamortized costs and redemption premiums as an offset to the new bonds.

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 and 7 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. See Note 9 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 8.

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, 2008 and 2007, all mortgage loan yields were in compliance with the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest on Mortgage Loans

Interest on mortgage loans is calculated using the effective interest method.

Fee Income

CDA receives multi-family financing fees at loan origination. These fees 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 12 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in conformity with GASB Statement No. 34. Operating revenue and expenses are identified as those activities that are directly related to providing affordable housing in the State of Maryland. All of the Fund's activities are considered to be operating.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 periods. Actual results could differ from these estimates.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following assets, reported at fair value and held by the Fund at June 30, 2008 and 2007, are evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2008	2007
Cash and Cash Equivalents:		
Federated Treasury Obligations Fund	$ 10,600	$ 30,049
Investments:		
Obligations of the U.S. Treasury	7,184	7,622
Obligations of U.S. Government Agencies	-	1,030
Repurchase and Investment Agreements	2,000	2,000
Total	$ 19,784	$ 40,701

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
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2008 and 2007

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of June 30, 2008, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in years)				
Asset	Amortized Cost	Fair Value	Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 10,600	$ 10,600	$ 10,600	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,564	7,184	-	-	3,421	2,535	1,228
Repurchase agreements/ Investment agreements	2,000	2,000	-	-	2,000	-	-
Total	$ 18,164	$ 19,784	$ 10,600	$ -	$ 5,421	$ 2,535	$ 1,228

As of June 30, 2007, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in years)				
Asset	Amortized Cost	Fair Value	Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 30,049	$ 30,049	$ 30,049	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	6,325	7,622	-	-	2,390	1,960	3,272
Obligations of U.S. Government Agencies	952	1,030	-	-	-	-	1,030
Repurchase agreements/ Investment agreements	2,000	2,000	-	-	2,000	-	-
Total	$ 39,326	$ 40,701	$ 30,049	$ -	$ 4,390	$ 1,960	$ 4,302

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Federated Treasury Obligations Fund invests primarily in repurchase agreements collateralized by Treasury securities and U.S. Treasuries. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2008 and 2007, the cost of this 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. As of June 30, 2008 and 2007, all counterparty ratings were at least equal to the ratings on the Fund's bonds. The ratings on Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) as of June 30, 2008 and 2007 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 GASB Statement No. 40.

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of June 30, 2008, 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	$ 10,600	53.58%	Aaa		Moody's
Obligations of the U.S. Treasury	7,184	36.31%		Direct U.S. Obligations	
Uncollateralized investment agreement:				Underlying securities credit rating	
JPMorgan Chase rated Aa2 by Moody's	2,000	10.11%		N/A	
Total	$ 19,784	100.00%			

As of June 30, 2007, 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	$ 30,049	73.83%	Aaa		Moody's
Obligations of the U.S. Treasury	7,622	18.73%		Direct U.S. Obligations	
Obligations of U.S. Government Agencies	1,030	2.53%		Aaa	Moody's
Uncollateralized investment agreement:				Underlying securities credit rating	
Counterparty rated Aa2 by Moody's	2,000	4.91%		N/A	
Total	$ 40,701	100.00%			

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (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, 2008 and 2007, the Fund's investments were not subject to custodial credit risk under GASB Statement No. 40. 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. The uncollateralized investment agreement in the amount of $2,000 is registered in CDA's name.

NOTE 4 - MORTGAGE LOANS

All of the Fund's mortgage loans are credit enhanced through FHA, FHLMC or MHF. Interest rates on such loans range from 5.25% to 12.0%. As of June 30, 2008 and 2007, remaining loan terms ranged from 5 to 26 years and 6 to 27 years, respectively.

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2008 and 2007 were as follows:

	2008	2007
Accrued mortgage loan interest	$ 405	$ 526
Accrued investment interest	139	258
	$ 544	$ 784

NOTE 6 - BONDS PAYABLE

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

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions. The prescribed optional redemption premiums range from 0% to 1% of the principal amount. As of June 30, 2008, all outstanding bonds have fixed interest rates and are tax-exempt. At June 30, 2007, CDA had one variable rate taxable bond issue, 2004 Series A, which was redeemed in full as of June 30, 2008.

(in thousands)

NOTE 6 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2008 and the debt outstanding and bonds payable as of June 30, 2008:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2007	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2008	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2008
Multi-Family Housing Revenue Bonds										
1998 Series A	11/01/98	5.15%	2029	$ 100	$ -	$ -	$ -	$ 100	$ -	$ 100
2001 Series A	10/01/01	5.10%	2028	100	-	-	-	100	(2)	98
2002 Series A	03/01/02	5.40%	2033	100	-	-	(100)	-	-	-
2003 Series A	06/19/03	2.20% - 4.45%	2008 - 2034	16,815	-	-	(16,815)	-	-	-
2003 Series B	06/19/03	2.40% - 4.40%	2008 - 2023	1,695	-	-	(1,695)	-	-	-
2004 Series A	03/31/04	Variable Rate	2036	17,870	-	-	(17,870)	-	-	-
Total				$ 36,680	$ -	$ -	$ (36,480)	$ 200	$ (2)	$ 198

The following is a summary of the bond activity for the year ended June 30, 2007 and the debt outstanding and bonds payable as of June 30, 2007.

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2006	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2007	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2007
Multi-Family Housing Revenue Bonds										
1998 Series A	11/01/98	4.25% - 5.15%	2007 - 2029	$ 6,000	$ -	$ -	$ (5,900)	$ 100	$ -	$ 100
2001 Series A	10/01/01	3.55% - 5.10%	2007 - 2028	1,795	-	-	(1,695)	100	(3)	97
2001 Series B	10/01/01	3.85% - 5.35%	2007 - 2032	2,045	-	-	(2,045)	-	-	-
2002 Series A	03/01/02	3.90% - 5.40%	2007 - 2033	8,430	-	-	(8,330)	100	(4)	96
2003 Series A	06/19/03	1.90% - 4.45%	2007 - 2034	19,040	-	(1,015)	(1,210)	16,815	(538)	16,277
2003 Series B	06/19/03	2.10% - 4.40%	2007 - 2023	1,775	-	(80)	-	1,695	(61)	1,634
2003 Series C	06/19/03	Variable Rate	2033	18,010	-	-	(18,010)	-	-	-
2004 Series A	03/31/04	Variable Rate	2036	23,730	-	(710)	(5,150)	17,870	(509)	17,361
Total				$ 80,825	$ -	$ (1,805)	$ (42,340)	$ 36,680	$ (1,115)	$ 35,565

(in thousands)

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2008, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2008 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 6) 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
2009	$ 10	$ -
2010	10	-
2011	10	-
2012	11	-
2013	10	-
2014 - 2018	51	-
2019 - 2023	52	-
2024 - 2028	50	105
2029 - 2033	5	95
Totals	$ 209	$ 200

(in thousands)

NOTE 7 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2007, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2007 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 6) 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
2008	$ 1,627	$ 1,700
2009	1,571	1,750
2010	1,510	1,810
2011	1,443	1,845
2012	1,373	1,880
2013 - 2017	5,753	8,840
2018 - 2022	3,540	9,530
2023 - 2027	1,722	4,715
2028 - 2032	873	2,700
2033 - 2037	212	1,910
Totals	$ 19,624	$ 36,680

The interest calculations on outstanding variable rate bonds in the amount of $17,870 were based on the variable rates in effect on June 30, 2007, and were not indicative of the actual interest expense that would be incurred in future years. As rates vary, variable rate bond interest payments would vary.

(in thousands)

NOTE 8 - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), CDA has recorded a rebate liability for excess investment earnings in tax-exempt bonds and notes issued after 1981. The excess investment earnings arise due to actual investment yields earned by CDA being greater than yields permitted to be retained by CDA 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.

Rebate liability activity for the years ended June 30, 2008 and 2007 was as follows:

	2008	2007
Beginning rebate liability	$ 472	$ 1,576
Change in estimated liability due to excess investment earnings	38	9
Change in estimated liability due to change in fair value of investments	538	(1,113)
Less - payments made	(138)	-
Ending rebate liability	$ 910	$ 472

Total rebate liability is allocated as follows:

	2008	2007
Estimated liability due to excess investment earnings	$ 74	$ 63
Estimated liability due to change in fair value of investments	836	409
Ending rebate liability	$ 910	$ 472

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2008 and 2007

NOTE 9 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2008 and 2007 were as follows:

	2008	2007
Rebate liability		
Beginning balance	$ 472	$ 1,576
Additions	576	9
Reductions	(138)	(1,113)
Ending balance	910	472
Less due within one year	-	-
Total long-term rebate liability	910	472
Bonds payable		
Beginning balance	35,565	79,173
Additions	-	-
Reductions	(36,480)	(44,145)
Change in deferred amounts on refundings	1,113	537
Ending balance	198	35,565
Less due within one year	-	(1,700)
Total long-term bonds payable	198	33,865
Deposits by borrowers		
Beginning balance	9,528	10,479
Additions	3,632	4,429
Reductions	(4,420)	(5,380)
Ending balance	8,740	9,528
Less due within one year	(2,580)	(3,070)
Total long-term deposits by borrowers	6,160	6,458
Total long-term liabilities	$ 7,268	$ 40,795

(in thousands)

NOTE 10 - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 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, 2008 and 2007, the Fund transferred the following amounts, as permitted, among Funds:

	2008	2007
Excess revenue transferred to the General Bond Reserve Fund	$ (1,000)	$ -
Transfer to separate account in accordance with HUD agreement	(771)	(176)
	$ (1,771)	$ (176)

NOTE 11 - MORTGAGE INSURANCE

All of the Fund’s mortgage loans 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.

NOTE 12 - PENSION AND OTHER POST-RETIREMENT BENEFITS

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

Community Development Administration
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SUPPLEMENTAL DISCLOSURES OF CHANGE
IN FAIR VALUE OF INVESTMENTS
(in thousands)
(unaudited)

June 30, 2008 and 2007

During fiscal year 1997, CDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31. This statement requires the financial statements of CDA to reflect investments 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 the U.S. Treasury and U.S. Government Agencies) held by the Fund as of June 30, 2008, 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
Cumulative FY 1996 and prior periods	$ 1,972	$ 1,972
1997	$ 415	$ 2,387
1998	$ 3,431	$ 5,818
1999	$ (2,009)	$ 3,809
2000	$ (154)	$ 3,655
2001	$ 1,192	$ 4,847
2002	$ (668)	$ 4,179
2003	$ 755	$ 4,934
2004	$ (2,004)	$ 2,930
2005	$ 1,784	$ 4,714
2006	$ (3,336)	$ 1,378
2007	$ (3)	$ 1,375
2008	$ 245	$ 1,620

Community Development Administration
Multi-Family Housing Revenue Bonds
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SUPPLEMENTAL DISCLOSURES OF CHANGE
IN FAIR VALUE OF INVESTMENTS - CONTINUED
(in thousands)
(unaudited)

June 30, 2008 and 2007

Reconciliation to the Statements of Revenue, Expenses and Change in Net Assets for the year ended June 30, 2008:

Increase in fair value of investments held at June 30, 2008	$	245
Realized gains on investments sold		324
Adjustment due to change in rebate liability (See Note 8)		(538)
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, 2008	$	31

Reconciliation to the Statements of Revenue, Expenses and Change in Net Assets for the year ended June 30, 2007:

Decrease in fair value of investments held at June 30, 2007	$	(3)
Adjustment due to change in rebate liability (See Note 8)		1,113
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, 2007	$	1,110