NOT A NEW ISSUE–BOOK-ENTRY ONLY

Ballard Spahr LLP, as Bond Counsel, delivered an opinion dated September 4, 2008 (the "Original Bond Counsel Opinion") that, assuming compliance with certain covenants in the Bond Resolutions intended to assure compliance with the applicable provisions of the Internal Revenue Code of 1986, as amended, and subject to the exceptions under "Tax Exemption and Related Considerations" herein, (i) interest on the 2008 Series D Bonds is excludable from gross income for federal income tax purposes under existing laws, regulations, rulings and judicial decisions, (ii) interest on the 2008 Series D Bonds is an item of preference for purposes of calculating the federal individual or corporate alternative minimum taxes ("AMT"), and (iii) the 2008 Series D Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State of Maryland or by any of its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes. A discussion of the requirements for, the extent of and exceptions to such exclusion is contained under "Tax Exemption and Related Considerations" herein. ***Bond Counsel assumed no duty to update or supplement the Original Bond Counsel Opinion and no assurance is given that any facts, circumstances or changes that may adversely affect the tax exemption for the 2008 Series D Bonds have not occurred.*** In the opinion of Bond Counsel, under current law and subject to the conditions described in the section "Tax Exemption and Related Considerations" herein, the delivery of the Initial Standby Credit Facility and the conversion of the interest rate mode for the 2008 Series D Bonds from a Daily Mode to a Weekly Mode, in and of itself, will not adversely affect the exclusion of interest on the 2008 Series D Bonds from gross income of the beneficial owners thereof for Federal income tax purposes under the Internal Revenue Code of 1986, as amended. See "Tax Exemption and Related Considerations" herein.

DHCD
Maryland Department of Housing and Community Development

$49,890,000
COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Residential Revenue Bonds
2008 Series D (AMT) (Variable Rate)

Date of Original Issuance of 2008 Series D Bonds - September 4, 2008 **Due: September 1, 2038**

The 2008 Series D Bonds (the "2008 Series D Bonds") are being reoffered pursuant to this Remarketing Memorandum (this "Remarketing Memorandum") upon the delivery of the Initial Standby Credit Facility (as hereinafter defined) and upon conversion of the interest rate mode thereon from a Daily Mode to a Weekly Mode. The 2008 Series D Bonds were issued only as fully registered bonds and, pursuant to the reoffering, will remain registered, in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which acts as securities depository for the 2008 Series D Bonds.

Purchases of the 2008 Series D Bonds in the Weekly Mode will be in book-entry form only, in principal amounts of $100,000 or any integral multiple of $5,000 in excess thereof. The 2008 Series D Bonds will bear interest at a rate determined weekly by the Remarketing Agent. The Administration may convert the 2008 Series D Bonds to modes other than a Weekly Mode as described herein. The description of the 2008 Series D Bonds in this Remarketing Memorandum pertains only to 2008 Series D Bonds in the Weekly Mode and to the Initial Standby Credit Facility.

Interest on the 2008 Series D Bonds is payable semiannually on March 1 and September 1 of each year, commencing following the Remarketing Date (as hereinafter defined) on September 1, 2012, by the Trustee to DTC. DTC is to remit such payments to participating financial organizations for subsequent disbursement to beneficial owners of the 2008 Series D Bonds.

The 2008 Series D Bonds are subject to redemption prior to maturity at par, plus interest accrued to the date of redemption, at the times and under the conditions set forth herein. The 2008 Series D Bonds are subject to mandatory tender (with no right to retain) on Mandatory Tender Dates as established by the Administration, as described herein. See "THE 2008 SERIES D BONDS" herein. The 2008 Series D Bonds may be tendered for purchase and remarketing upon seven days' notice to the Trustee as described herein.

The Administration will maintain a Credit Facility to provide funds for the purchase of 2008 Series D Bonds tendered but not remarketed. The initial Credit Facility will be an Irrevocable Letter of Credit (the "Initial Standby Credit Facility") issued by PNC Bank, National Association (the "Bank").

PNC Bank, National Association

The Initial Standby Credit Facility will expire on June 7, 2015 but may be extended or replaced as described herein. To the extent an Alternate Standby Facility is provided (or the Initial Standby Credit Facility is extended with material difference in the terms thereof or is otherwise allowed to expire), the 2008 Series D Bonds will be subject to mandatory tender on a date not less than 5 days prior to scheduled expiration or earlier termination of the Initial Standby Credit Facility. See "STANDBY CREDIT FACILITY RELATING TO THE 2008 SERIES D BONDS" and "THE 2008 SERIES D BONDS - Mandatory Tender of the 2008 Series D Bonds" herein.

Additional information is contained under the caption "THE 2008 SERIES D BONDS". Manufacturers and Traders Trust Company, a New York banking corporation with trust powers and having a corporate trust office in Baltimore, Maryland, is the Trustee.

The 2008 Series D Bonds are special obligations of the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Maryland Department of Housing and Community Development (the "Department"), payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The 2008 Series D Bonds do not constitute a debt of the State of Maryland, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

It is expected that the 2008 Series D Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 7, 2012 (the "Remarketing Date").

PNC †

This cover page contains certain information for quick reference only. It is not a summary of this Remarketing Memorandum. Investors must read the entire Remarketing Memorandum to obtain information essential to the making of an informed decision.

† Remarketing Agent with respect to the 2008 Series D Bonds.

June 1, 2012

This Remarketing Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2008 Series D Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the Administration and by other sources which are believed to be reliable. The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Memorandum: The Remarketing Agent has reviewed the information in this Remarketing Memorandum in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the Administration or by the Remarketing Agent to give any information or to make any representations, other than those contained in this Remarketing Memorandum, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information and expressions of opinion herein speak only as of the date hereof and are subject to change without notice, and neither the delivery of this Remarketing Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Administration since the date hereof.

The order and placement of information in this Remarketing Memorandum, including the appendices, are not an indication of relevance, materiality or relative importance, and this Remarketing Memorandum, including the appendices, must be read in its entirety. The captions and headings in this Remarketing Memorandum are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section in this Remarketing Memorandum.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2008 SERIES D BONDS OR OF ANY OTHER BONDS OF THE ADMINISTRATION AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

REMARKETING MEMORANDUM

of the
COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Relating to

$49,890,000
Residential Revenue Bonds
2008 Series D (AMT) (Variable Rate)

INTRODUCTION

The purpose of this Remarketing Memorandum (this "Remarketing Memorandum"), which includes the cover page, the inside cover page (including the maturity schedule) and the Appendices, is to set forth information in connection with the remarketing by the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), of its Residential Revenue Bonds, 2008 Series D (AMT) (Variable Rate) (the "2008 Series D Bonds"). The 2008 Series D Bonds were originally issued as a Series of Tax-Exempt Bonds on September 4, 2008 (the "Original Issuance Date"). On March 8, 2012 (the "Original Remarketing Date"), the 2008 Series D Bonds were remarketed in connection with the change of interest rate mode on the 2008 Series D Bonds from a Weekly Mode to a Daily Mode. The 2008 Series D Bonds are being remarketed on or about June 7, 2012 (the "Remarketing Date") in connection with the delivery by PNC Bank, National Association (the "Bank") of its Irrevocable Letter of Credit (the "Initial Standby Credit Facility") as security for the 2008 Series D Bonds and a change of interest rate mode on the 2008 Series D Bonds from a Daily Mode to Weekly Mode.

This Remarketing Memorandum speaks only as of its date, and the information contained herein is subject to change. The information contained under this caption is qualified by reference to the entire Remarketing Memorandum. This introduction is only a brief description of the Remarketing Memorandum and potential investors should review the entire Remarketing Memorandum, as well as the documents summarized or described herein, in order to make an informed investment decision. All terms not otherwise defined herein shall have the meanings set forth in Appendix C – "DEFINITIONS" or in the Bond Resolutions (as hereinafter defined).

Authorization

The Administration is authorized to cause the remarketing of the 2008 Series D Bonds pursuant to Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the "Act"), and a Residential Revenue Bond Resolution providing for the issuance of Residential Revenue Bonds adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005 (the "Bond Resolution"), for the benefit of Manufacturers and Traders Trust Company, as trustee (the "Trustee"). The 2008 Series D Bonds were issued pursuant to a Series Resolution Providing for the Issuance and Sale of Residential Revenue Bonds, 2008 Series D (Variable Rate), that was adopted by the Administration prior to the original issuance of the 2008 Series D Bonds, as the same is being amended and restated in connection with the remarketing of the 2008 Series D Bonds on the Remarketing Date (the "2008 Series D Resolution"). The Bond Resolution and the 2008 Series D Resolution are collectively called the "Bond Resolutions".

Bonds Issued Under Bond Resolution

As of December 31, 2011, the Administration had issued 101 prior Series of Bonds (including the 2008 Series D Bonds) under the Bond Resolution. As of December 31, 2011, $2,078,470,000 in aggregate principal amount comprising 59 Series of Bonds were outstanding under the Bond Resolution. All prior Series of Bonds (including the 2008 Series D Bonds) are collectively referred to herein as the "Prior Bonds". The Bond Resolution provides for the issuance of Additional Bonds, which will be on parity with the Prior Bonds and the 2008 Series D Bonds, and will be equally and ratably secured under the Bond Resolution. See "SECURITY FOR THE BONDS – Additional Bonds" herein. The Prior Bonds and the 2008 Series D Bonds, together with any Additional Bonds issued under the Bond Resolution and secured on a parity basis, are referred to collectively as the "Bonds". The Bond Resolution also allows the issuance of Subordinate Bonds which will not be on parity with the Bonds. To date, the Administration has not issued Subordinate Bonds under the Bond Resolution. The Administration may, from time to time, enter into Qualified Hedges which may be secured on a parity basis with the Bonds. See "SECURITY FOR THE BONDS–Interest Rate Swaps" and Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION."

The 2008 Series D Bonds are secured as to both principal and interest by the pledge and lien of the Bond Resolution described herein under "SECURITY FOR THE BONDS".

The Bonds are special obligations of the Administration, payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

Purpose of Bond Resolution

The Administration adopted the Bond Resolution pursuant to the Act primarily to finance single family housing loans under the Residential Revenue Bond Program (the "Program"), but has reserved the right to finance and also may issue Bonds to finance other kinds of housing and other types of loans permitted to be financed under the Bond Resolution. In addition to whole single family housing loans, other types of loans and other kinds of housing that may be financed by the Administration under the Bond Resolution include portions of or participations in single family housing loans made, purchased or otherwise financed by the Administration, home improvement loans, housing rehabilitation loans, as well as loans to finance or refinance developments authorized by the Act, including, without limitation, multi-family housing projects, group housing facilities and shared living facilities. To date, the Administration has applied proceeds of Bonds only to finance single family housing loans and participations in single family housing loans and to fund reserves related thereto. See "SECURITY FOR THE BONDS" and Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION".

Use of Proceeds of the Bonds

The Bond Resolution authorizes the Administration to issue Bonds to provide funds to finance or refinance any loan, project, facility, undertaking or purpose that the Administration is authorized to undertake, finance or provide financing for pursuant to the Act ("Program Assets"), including, but not limited to, mortgage loans, or portions of or participations in mortgage loans ("Mortgage Loans"), to finance or refinance the purchase of owner-occupied single family residences by persons or families of limited incomes, to refund Bonds or other obligations (including bonds issued by the Administration under resolutions other than the Bond Resolution), to fund reserves, to pay Costs of Issuance or to achieve any other of the Administration's purposes. In addition to Mortgage Loans, the Bond Resolution permits financing of various types of Loans, including, without limitation, loans to finance various types of housing developments within the State, which include single family residences, multi-family residential rental facilities, and group living facilities (collectively, the "Developments") which promote sound community development and provide housing for occupancy, in substantial part, by persons or families of limited incomes. The Loans also must meet the requirements set forth in the Bond Resolution. Program Assets may include, without limitation, whole loans (with or without Credit Enhancement), including Mortgage Loans, and mortgage-backed securities.

The funds made available from the issuance of the 2008 Series D Bonds were used to make or purchase Mortgage Loans or participations in Mortgage Loans and to make a deposit to the Reserve Fund. The 2008 Series D Bonds were issued on the Original Issuance Date as tax-exempt bonds in a common plan of finance for federal tax purposes with the issuance of the Administration's Residential Revenue Bonds 2008 Series B (the "2008 Series B Bonds") and 2008 Series C (the "2008 Series C Bonds") and are subject to special redemption from Mortgage Principal Payments, as defined herein, and as further described under "THE 2008 SERIES D BONDS – Redemption Provisions – *Special Redemption*" herein.

The 2008 Series D Resolution contains Series Program Determinations for the 2008 Series D Bonds, which limited the Loans financed to Mortgage Loans on Single Family Residences and required all such Mortgage Loans to be insured by FHA or guaranteed by the United States Department of Veteran Affairs ("VA"), the United States Department of Agriculture, Rural Development (the "USDA/RD") Guaranteed Rural Housing Loan Program, private mortgage insurance acceptable to the Administration or mortgage insurance provided by the Maryland Housing Fund ("MHF"). In addition, Loans with a loan-to-value ratio of 80% or less were permitted to be uninsured if certain requirements of the Administration are met. See Appendix B – "THE PROGRAM," and Appendix G – "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS".

The Bond Resolution does not require that Loans be secured by Credit Enhancement. In addition, the Bond Resolution permits the Administration to require Loans to be secured by Credit Enhancement other than FHA mortgage insurance, private mortgage insurance, MHF mortgage insurance, or VA or USDA/RD guarantees. Such Credit Enhancement may include a variety of forms and may be provided by a variety of Credit Enhancers. See the definitions of Credit Enhancement and Credit Enhancer in Appendix C – "DEFINITIONS" and Appendix D – "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION".

Brief descriptions of the 2008 Series D Bonds and the security for the Bonds are included in this Remarketing Memorandum. Descriptions of the Department and the Administration, the Program, the definitions of certain terms and the summary of certain provisions of the Bond Resolutions are included as Appendices A, B, C and D, respectively. Appendices E and F contain certain information regarding the outstanding indebtedness of the Administration and its redemption requirements for the Bonds from Prepayments of Loans as required by the Code, respectively. A summary of the FHA Mortgage Insurance Program, the VA Home Loan Guaranty Program, the USDA/RD Mortgage Guarantee Program, the private mortgage insurance acceptable to the Administration and the MHF Insurance Program is included as Appendix G. The financial statements of the Program, investments held in the Residential Revenue Bond Funds, information concerning Mortgage Loans financed under the Program, information concerning the prepayment speeds of Mortgage Loans under the Program, the form of opinion that Bond Counsel delivered in connection with the Original Issuance Date, the form of opinion that Bond Counsel is delivering in connection with the Remarketing Date, certain information with respect to the Bank, the form of the Initial Standby Credit Facility and information regarding the Depository Trust Company are included as Appendices H, J, K, L, M, N, O, P, Q and R respectively. The financial statements of the Maryland Housing Fund are included in Appendix I. **The Appendices to this Remarketing Memorandum constitute a part of this Remarketing Memorandum and contain information which any potential investor should read in order to make an informed investment decision.**

Information concerning the 2008 Series D Bonds, the Administration and the Program and descriptions of certain provisions of the Act, the 2008 Series D Bonds and the Bond Resolutions are included in this Remarketing Memorandum. All summaries herein of any statute, agreement or document are qualified in their entirety by reference to such statute, agreement or document, and all summaries of the 2008 Series D

Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto contained in the Bond Resolutions. Copies of the Bond Resolutions and the Act are available for inspection at the offices of the Administration at 100 Community Place, Crownsville, Maryland 21032-2023. Requests to inspect copies of the Bond Resolutions and the Act should be directed to Investor Relations at (410) 514-7326 or by e-mail at cda_bonds@dhcd.state.md.us.

THE 2008 SERIES D BONDS

General Description

The 2008 Series D Bonds are dated the date set forth on the cover hereof. 2008 Series D Bonds subsequently issued in exchange for or upon the registration or transfer of 2008 Series D Bonds will be dated the date of authentication thereof and will bear interest from the later of March 1 or September 1 (each an "Interest Payment Date") next preceding the date of the authentication thereof, unless the date of such authentication is after a Record Date and on or prior to the next succeeding Interest Payment Date, in which case they will bear interest from such Interest Payment Date; provided, however, that if interest on the 2008 Series D Bonds is in default, the 2008 Series D Bonds issued in place of 2008 Series D Bonds surrendered for transfer or exchange will bear interest from the date to which interest has been paid in full on the 2008 Series D Bonds, or made available for payment in full on Outstanding Bonds. The 2008 Series D Bonds were issued only as fully registered bonds and were registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), which acts as securities depository for the 2008 Series D Bonds. Purchases of the 2008 Series D Bonds will be in book-entry form only, in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The 2008 Series D Bonds mature on September 1, 2038.

The 2008 Series D Bonds

General. The 2008 Series D Bonds (other than Bank Bonds) will bear interest at a rate determined weekly (the "Weekly Rate") that will take effect on each Thursday (the "Effective Rate Date") and remain in effect until the day before the next Effective Rate Date (the "Weekly Mode"). Interest on the 2008 Series D Bonds in a Weekly Mode will accrue from their initial date of reoffering hereunder and will be payable in arrears, on the basis of a 365/366-day year for the number of days actually elapsed. Interest shall be payable semiannually on each Interest Payment Date, commencing on September 1, 2012.

The Weekly Rate will be determined by the Remarketing Agent by 4:00 p.m. New York time on the Business Day immediately preceding each Effective Rate Date (each a "Rate Determination Date"). In no event will the 2008 Series D Bonds (other than Bank Bonds) bear interest at a rate in excess of 12% (the "Maximum Rate"). The Trustee will provide monthly statements to DTC setting forth the Weekly Rates for the prior month within seven Business Days of the end of each calendar month.

The Weekly Rate will be that rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2008 Series D Bonds on the Effective Rate Date being 100% of the principal amount thereof. In determining the Weekly Rate for any 2008 Series D Bonds, the Remarketing Agent for the 2008 Series D Bonds will take into account to the extent applicable (1) market interest rates for comparable securities held by tax-exempt open-end municipal bond funds or other institutional or private investors with substantial portfolios (a) with interest rate adjustment periods and demand purchase options substantially identical to the 2008 Series D Bonds, (b) bearing interest at a variable rate intended to maintain par value, and (c) rated by a national credit rating agency in the same category as the 2008 Series D Bonds; (2) other financial market rates and indices that may have a bearing on the Weekly Rate (including, but not limited to, rates borne by commercial paper, Treasury Bills, commercial bank prime rates, certificate of deposit rates, federal fund rates, the London Interbank Offered Rate (LIBOR), The Securities Industry and Financial Markets Association Municipal Swap Index produced by Municipal Market Data concerning tax-exempt variable rates (the "SIFMA Index"), indices maintained by The Bond Buyer, and other publicly available tax-exempt (as applicable) interest rate indices); (3) general financial market conditions; and (4) factors particular to the Administration and the 2008 Series D Bonds.

The determination by the Remarketing Agent of the Weekly Rate to be borne by any 2008 Series D Bonds (other than Bank Bonds) will be conclusive and binding on the holders of the 2008 Series D Bonds. Failure by the Remarketing Agent or the Trustee to give any notice required under the Series Resolution, or any defect in such notice, will not affect the interest rate borne by any 2008 Series D Bonds or the rights of the Bondholders thereof.

If for any reason the position of Remarketing Agent is vacant or the Remarketing Agent fails to establish the interest rate, the 2008 Series D Bonds (other than Bank Bonds) will automatically bear interest in a Weekly Mode with the interest rate reset on a weekly basis at the interest rate set forth in the following table corresponding with the lowest applicable long term or short term rating (without regard to modifiers) then in effect with respect to the 2008 Series D Bonds (provided in no event will the 2008 Series D Bonds bear interest at a rate in excess of the Maximum Rate):

Rating by Fitch (long term/short term)	Rating by Moody's (long term/short term)	Interest Rate
AA/F1 or higher	Aa/VMIG 1 or higher	125% of the SIFMA Index
A/F1	A/VMIG 1	350% of the SIFMA Index
BBB/F2	Baa/VMIG 2	450% of the SIFMA Index
Below BBB/F2	Below Baa/VMIG 2	Maximum Rate

Tender Provisions. Except as otherwise provided herein, so long as the 2008 Series D Bonds are in a Weekly Mode, the owners of any 2008 Series D Bonds are entitled to demand purchase of such 2008 Series D Bonds at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase, upon satisfaction of the terms and conditions described herein. See "THE 2008 Series D BONDS – Optional Tender of the 2008 Series D Bonds". The 2008 Series D Bonds are also subject to mandatory tender for purchase under certain circumstances. See "THE 2008 SERIES D BONDS – Mandatory Tender of the 2008 Series D Bonds". PNC Capital Markets LLC will act as the initial remarketing agent for the 2008 Series D Bonds (the "Remarketing Agent"). See "THE 2008 SERIES D BONDS – Remarketing of the 2008 Series D Bonds".

The Administration will have in place either a standby credit facility (a "Standby Credit Facility") or a liquidity facility (a "Liquidity Facility" and together with a Standby Credit Facility, a "Standby Facility") to be in effect prior to the date, if any, when all 2008 Series D Bonds have been converted from a Weekly Mode to another mode not requiring a Standby Facility, subject to terms and conditions set forth herein. See "STANDBY CREDIT FACILITY RELATED TO THE 2008 SERIES D BONDS". The Initial Standby Credit Facility with respect to the 2008 Series D Bonds, which is being delivered in connection with the remarketing hereunder, is an Irrevocable Letter of Credit (the "Initial Standby Credit Facility") issued by the Bank to the Trustee. The Initial Standby Credit Facility provides for the purchase by the Bank on the terms and conditions specified therein of tendered 2008 Series D Bonds which cannot be remarketed as provided for in the Bond Resolutions. If the Initial Standby Credit Facility is to expire or terminate according to its terms and will not be renewed or replaced with an Alternate Standby Facility, the related 2008 Series D Bonds are subject to mandatory tender.

Mode Changes. The Administration may elect (1) to change the intervals at which the interest rate is calculated with respect to all or part of the 2008 Series D Bonds or change the basis for determining interest to an auction procedure (each such change is a "Mode Change" with respect to the 2008 Series D Bonds to which such Mode Change applies, and the date on which each such Mode Change is effective is a "Mode Change Date"), (2) to change all or part of the 2008 Series D Bonds to become variable rate bonds not required to be covered by a Standby Facility (each such change an "Unenhanced Variable Rate Bond Change" with respect to the 2008 Series D Bonds to which it applies, and the date of each such change an "Unenhanced Variable Rate Bond Change Date") or (3) to convert all or part of the 2008 Series D Bonds to bear interest based upon an index or at fixed rates to their maturity (with respect to the 2008 Series D Bonds to which such conversion applies, a "Conversion", and the date on which such a Conversion is effective a "Conversion Date"). The Administration will provide notice to the Remarketing Agent, the Trustee, the Bank, and the Tender Agent not less than 20 days before the applicable Mode Change Date, Unenhanced Variable Rate Bond Change Date or Conversion Date of a Mode Change, an Unenhanced Variable Rate Bond Change, or a Conversion. The Trustee will provide notice to DTC of a Mode Change, an Unenhanced Variable Rate Bond Change or a Conversion not less than 15 days before the applicable Mode Change Date, Unenhanced Variable Rate Bond Change Date or Conversion Date. On each Mode Change Date, Unenhanced Variable Rate Bond Change Date, or Conversion Date, the 2008 Series D Bonds to which such Mode Change, Unenhanced Variable Rate Bond Change, or Conversion applies will be subject to mandatory tender for purchase.

The description of the 2008 Series D Bonds contained in this Remarketing Memorandum is intended to provide information to prospective owners of 2008 Series D Bonds while 2008 Series D Bonds are in the Weekly Mode, and is not intended to be relied upon by prospective owners of 2008 Series D Bonds with respect to which a Mode Change Date, an Unenhanced Variable Rate Bond Change Date or a Conversion Date (each as herein defined) has occurred. A condition of such event and the related remarketing of 2008 Series D Bonds is the delivery of an updated disclosure document.

Application of the 2008 Series D Bonds Proceeds

The Administration deposited the proceeds of the sale of the 2008 Series D Bonds, $50,000,000, into a Redemption Account established pursuant to the 2008 Series D Resolution for the purpose of refunding a portion of the outstanding principal amount of certain of the Administration's draw down bonds (none of which are outstanding as of the date hereof). As a result of the foregoing, $49,019,600 was transferred and deposited into the 2008 Series D Program Account of the Program Fund which provided funds to make or purchase Mortgage Loans and $980,400 was transferred and deposited into the Reserve Fund under the Bond Resolution.

Proceeds of the remarketing of the 2008 Series D Bonds will be applied to pay the principal portion of the purchase price of the 2008 Series D Bonds tendered for purchase on the delivery date. The interest portion of the purchase price will be paid from funds available under the Bond Resolution.

Redemption Provisions

The 2008 Series D Bonds are subject to redemption prior to maturity as follows:

Sinking Fund Redemption.* The 2008 Series D Bonds are subject to mandatory redemption in part by lot on March 1, 2018 and on each September 1 and March 1 thereafter to and including September 1, 2038, at the principal amount thereof plus accrued interest to the redemption date, on the dates and in the amounts as follows:

---

* On September 1, 2010 there was a mandatory sinking fund redemption in the principal amount of $110,000.

Year (March 1)	Principal Amount	Year (September 1)	Principal Amount
2018	$2,000,000	2018	$2,300,000
2019	1,000,000	2019	690,000
2020	705,000	2020	730,000
2021	850,000	2021	1,000,000
2022	790,000	2022	810,000
2023	1,200,000	2023	1,500,000
2024	875,000	2024	890,000
2025	915,000	2025	930,000
2026	950,000	2026	970,000
2027	990,000	2027	1,015,000
2028	1,035,000	2028	1,060,000
2029	1,080,000	2029	1,105,000
2030	1,130,000	2030	1,150,000
2031	1,175,000	2031	1,205,000
2032	1,230,000	2032	1,255,000
2033	1,285,000	2033	1,310,000
2034	1,340,000	2034	1,365,000
2035	1,395,000	2035	1,425,000
2036	1,460,000	2036	1,490,000
2037	1,520,000	2037	1,555,000
2038	1,590,000	2038**	1,620,000

**Final maturity.

Optional Redemption. While bearing interest in the Weekly Mode, the 2008 Series D Bonds are subject to redemption at the option of the Administration, in whole or in part on any Business Day (including any optional or mandatory tender date), from any money made available for such purpose, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest, if any, to but not including the redemption date.

Special Redemption. The 2008 Series D Bonds are subject to special redemption, at the option of the Administration, in whole or in part, at any time and at a price equal to the principal amount thereof, plus accrued interest thereon, from:

(1) Recovery Payments from any Series of Bonds, except as otherwise provided herein under the heading ""*Ten Year Rule*" *Requirements*"; and

(2) excess Revenues from any Series of Bonds, including, without limitation, amounts resulting from any reduction in the Reserve Fund from any Series of Bonds.

As a result of the special redemption provisions, the Administration can make no assurance that a particular Bond will not be redeemed prior to its maturity. The Administration cannot accurately predict the volume of Recovery Payments, including Prepayments, or other moneys which will be available for the special redemption of Bonds in the future. See "Risks of Redemption as a Result of Nonorigination" and "Risks of Redemption as a Result of Prepayment and Other Excess Revenues" below.

Cross-Call Practices. Unless otherwise (i) provided in a Series Resolution, (ii) required or restricted by the 1986 Code, or (iii) directed by the Administration, excess Revenues and Prepayments of Mortgage Loans financed with proceeds of any Series of Bonds, to the extent transferred to the Redemption Fund, may be applied to the redemption of Bonds of any Series. The Administration generally expects to apply excess

Revenues or Prepayments to the redemption of the Series having the highest effective bond yield; provided, however, that the Administration reserves the right to redeem Bonds, including the 2008 Series D Bonds, that do not have the highest effective bond yield.

As a result, the 2008 Series D Bonds may be redeemed from excess Revenues and Prepayments of Mortgage Loans financed with the proceeds of other Series of Bonds.

"*Ten Year Rule*" *Requirements*. The 1986 Code requires that prepayments of mortgages financed with an issue of qualified mortgage bonds must be used to redeem bonds of that issue by the close of the next semiannual period, if the prepayments are received more than ten years after the issuance of the bonds or any prior refunded issue (the "Ten Year Rule"). Appendix F hereto is a table showing the percentage of mortgage prepayments received in any particular period that must, under the Ten Year Rule, be used for redemption of bonds of the issue that financed the mortgages, including the 2008 Series D Bonds. The table is based on an allocation of bond proceeds between any "new money" (nonrefunding) portion, which will not be subject to the Ten Year Rule until ten years after the date of issuance, and any portion used, directly or indirectly, to refund one or more prior issues, each of which has its own ten year period which applies to the refunding issue. The Ten Year Rule applies generally to all issues of tax-exempt qualified mortgage bonds issued after December 31, 1988.

Risks of Redemption as a Result of Prepayments and Other Excess Revenues. All Mortgage Loans permit partial or complete prepayment without penalty. Mortgage Loans also may be terminated prior to their respective final maturities as a result of events such as default, sale (including potentially a sale of all or part of the Mortgage Loan portfolio), condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans. Therefore, it is difficult to predict prepayments for the Administration's portfolio from available data about other pools of mortgage loans. For information concerning the prepayment speeds of Mortgage Loans under the Program, see Appendix M – "RESIDENTIAL REVENUE BOND PROGRAM PREPAYMENT SPEED OF MORTGAGE LOAN PORTFOLIO BY BOND ISSUANCE".

It is not possible to predict the amount of excess Revenues that may be generated under the Bond Resolution. Any excess Revenues or Prepayments of Mortgage Loans received under the Bond Resolution and not applied to make or purchase new Mortgage Loans, shall be applied in accordance with the provisions of the Bond Resolutions and federal tax laws, which provisions may permit or require the special redemption of Bonds from such excess Revenues or Prepayments.

General Provisions. If fewer than all of the 2008 Series D Bonds are to be redeemed and are no longer held in book-entry form, the Administration will determine the particular 2008 Series D Bonds or portions thereof to be called for redemption. The Trustee will mail notice of the redemption to the registered owners of any 2008 Series D Bonds or portions thereof to be redeemed not less than 15 days (or, in the case of 2008 Series D Bonds then registered under DTC's book-entry-only system of registration, 30 days) nor more than 90 days before any date upon which 2008 Series D Bonds may be redeemed at their last addresses appearing upon the registration books. Such notice by mail is sufficient and published notice of the call for redemption need not be given. The notice of redemption may be conditional. If conditional, the notice will set forth the conditions precedent to such redemption and if such conditions have not been met prior to the redemption date, such notice will be of no force and effect. Notice otherwise having been provided, the 2008 Series D Bonds designated in the notice will become due and payable at the applicable redemption price, plus interest accrued to the redemption date. On and after the redemption date, such 2008 Series D Bonds will cease to bear interest and such 2008 Series D Bonds will no longer be considered as outstanding under the Bond Resolution.

Optional Tender of the 2008 Series D Bonds

Holders of 2008 Series D Bonds in the Weekly Mode may elect to tender their 2008 Series D Bonds for purchase by providing notice to the Remarketing Agent not later than 5:00 p.m. on any Business Day that is at least seven calendar days before the purchase date, which must be a Business Day and must be set forth in the notice. Such 2008 Series D Bonds will be purchased on the purchase date specified in the notice at a price equal to 100% of the principal amount thereof plus accrued interest (the "Purchase Price"). Such notice of optional tender for purchase of 2008 Series D Bonds by the Bondholders thereof will be irrevocable once such notice is given to the Remarketing Agent.

Mandatory Tender of the 2008 Series D Bonds

The 2008 Series D Bonds or any portion thereof are subject to mandatory tender for purchase (with no right to retain), subject to the conditions described herein, on the following dates (each date referred to in clauses (i) through (v) being a "Mandatory Tender Date"):

(i) on each Mode Change Date and each Unenhanced Variable Rate Bond Change Date,

(ii) upon scheduled expiration of the Initial Standby Credit Facility, termination by the Administration of the Initial Standby Credit Facility or termination of the Initial Standby Credit Facility in connection with the delivery of an Alternate Standby Facility (each a "Standby Facility Expiration Event"), on a date not less than 5 days prior to the scheduled expiration or earlier termination of the Initial Standby Credit Facility,

(iii) on any Conversion Date,

(iv) upon receipt of a Notice of Termination (as described in the Initial Standby Credit Facility) by the Trustee, not less than five days prior to the termination date set forth therein,

(v) upon any failure by the Administration to provide funds to the Trustee for the payment of principal or interest by 11:00 a.m. on the maturity or optional, special or mandatory redemption date or Interest Payment Date for the 2008 Series D Bonds, in which event the Trustee shall notify the Tender Agent by 11:15 a.m. and the Tender Agent, shall cause (A) a draw to be made upon the Bank pursuant to the Initial Standby Credit Facility prior to 11:30 a.m. for the immediate purchase of the 2008 Series D Bonds and (B) notice of the mandatory tender to be given to each Bondholder effective on the same day or (without prejudice to the obligatory character of clause (A) above), if funds are not available therefor until the next Business Day pursuant to the Initial Standby Credit Facility because of late delivery of the draw notice, then on such next Business Day.

Upon any such event, the Trustee will deliver a notice of mandatory tender to Bondholders, at least 15 days prior to the Mandatory Tender Date (or in the case of mandatory tenders pursuant to (iv) and (v) above, the Trustee shall deliver such notice of mandatory tender on the same day as its receipt of notice of the related event), stating the reason for the mandatory tender, the date of mandatory tender, and that all Bondholders of 2008 Series D Bonds subject to such mandatory tender will be deemed to have tendered their 2008 Series D Bonds upon such date. See also "THE 2008 SERIES D BONDS -- Administration Not Responsible to Bondholders for Bank's Failure to Purchase 2008 Series D Bonds".

This paragraph is applicable only if the book-entry system has been discontinued and replacement bonds have been issued or if DTC has exercised its option to surrender and exchange its 2008 Series D Bond certificates. Any 2008 Series D Bond not tendered and delivered to the Tender Agent on or prior to its Mandatory Tender Date for which there have been irrevocably deposited in trust with the Trustee the Purchase Price equal to the principal amount of such 2008 Series D Bonds plus accrued interest will be deemed to have been tendered and purchased on such Mandatory Tender Date. Bondholders will not be entitled to any payment (including any interest to accrue on or after the Mandatory Tender Date) other than the principal amount of such 2008 Series D Bonds, plus accrued interest to the day preceding the Mandatory Tender Date, and said Bondholders will no longer be entitled to the benefits of the Bond Resolutions, except for the purpose of payment of the Purchase Price. Replacement 2008 Series D Bonds will be issued in place of such untendered 2008 Series D Bonds pursuant to the Bond Resolutions and, after the issuance of the replacement 2008 Series D Bonds, such Bonds will be deemed purchased, canceled, and no longer Outstanding under the Bond Resolutions.

Remarketing of the 2008 Series D Bonds

On each date on which 2008 Series D Bonds are required to be purchased, the Remarketing Agent for the 2008 Series D Bonds will use its best efforts to sell the 2008 Series D Bonds at a Weekly Rate (or, in the case of purchase upon a Mode Change, an interest rate corresponding to the appropriate mode) that results as nearly as practicable in the price being 100% of the principal amount thereof. In the event the Remarketing Agent is unable to remarket any of the 2008 Series D Bonds so tendered while the Initial Standby Credit Facility is in effect, the Bank will purchase the 2008 Series D Bonds in accordance with the Initial Standby Credit Facility. The Remarketing Agent will not be required to remarket the 2008 Series D Bonds (1) after the occurrence of an Event of Default under the Bond Resolutions; (2) after the occurrence of a Termination Event under a Initial Standby Credit Facility (as described under "STANDBY CREDIT FACILITY RELATING TO THE 2008 SERIES D BONDS -- Remedies" herein) or (3) if the Bank breaches its obligation to purchase 2008 Series D Bonds tendered and not remarketed. The Administration will enter into a Remarketing Agreement with the Remarketing Agent pursuant to which the Remarketing Agent will undertake the duties of Remarketing Agent, including remarketing of tendered 2008 Series D Bonds and determination of interest rates. The Remarketing Agreement provides that the Remarketing Agent may suspend its activities under certain circumstances. The Remarketing Agent may resign its duties by giving 30 days' written notice to the Administration; provided, however, if a successor Remarketing Agent has not been appointed by the end of such 30 days, the existing Remarketing Agent shall continue to perform its obligations under the Remarketing Agreement until the earlier of (i) 60 days following the giving of its original written notice of resignation or (ii) the appointment of a successor Remarketing Agent by the Administration. The Administration may remove the Remarketing Agent upon 30 days' written notice; provided, however, the Administration shall not remove the Remarketing Agent until it has appointed a successor Remarketing Agent.

The Remarketing Agent is Paid by the Administration

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing 2008 Series D Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case to the terms of the Remarketing Agreement and the Bond Resolutions), all as further described in this Remarketing Memorandum. The Remarketing Agent is appointed by the Administration and is paid by the Administration for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of 2008 Series D Bonds.

The Remarketing Agent Routinely Purchases Bonds for its Own Account

The Remarketing Agent is permitted, but not obligated, to purchase tendered 2008 Series D Bonds for its own account. The Remarketing Agent, in its sole discretion, may routinely acquire tendered 2008 Series D Bonds for its own inventory in order to achieve a successful remarketing of the 2008 Series D Bonds (i.e., because there otherwise are not enough buyers to purchase the 2008 Series D Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase the 2008 Series D Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the 2008 Series D Bonds by routinely purchasing and selling 2008 Series D Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the 2008 Series D Bonds. If the Remarketing Agent purchases 2008 Series D Bonds for its own account, it may offer those 2008 Series D Bonds at a discount to par to some investors.

The Remarketing Agent may also sell any 2008 Series D Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the 2008 Series D Bonds. The purchase of 2008 Series D Bonds by the Remarketing Agent may create the appearance that there is greater third party demand for the 2008 Series D Bonds in the market than is actually the case. The practices described above also may reduce the supply of 2008 Series D Bonds that may be tendered in a remarketing.

2008 Series D Bonds May Be Offered at Different Prices on Any Date

The Remarketing Agent is required to determine on the Rate Determination Date the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the 2008 Series D Bonds at par plus accrued interest, if any, on the Effective Rate Date. The interest rate will reflect, among other factors, the level of market demand for such 2008 Series D Bonds (including whether the Remarketing Agent is willing to purchase 2008 Series D Bonds for its own account). The Remarketing Agreement requires that the Remarketing Agent use its best efforts to sell tendered bonds at par, plus accrued interest. There may or may not be 2008 Series D Bonds tendered and remarketed on a Rate Determination Date. As an owner of 2008 Series D Bonds the Remarketing Agent may sell 2008 Series D Bonds at varying prices, including at a discount to par, to different investors on a Rate Determination Date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the 2008 Series D Bonds at the remarketing price.

The Ability to Sell the 2008 Series D Bonds Other Than Through Tender Process May Be Limited

While the Remarketing Agent may buy and sell 2008 Series D Bonds, it is not obligated to do so and may cease doing so at any time without notice. Thus, investors who purchase the 2008 Series D Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their 2008 Series D Bonds other than by tendering through the Tender Agent in accordance with the tender process.

The Bank may fail to purchase tendered Bonds even when they are obligated to do so under the Initial Standby Credit Facility, in which case, tendered 2008 Series D Bonds would be returned to the holders thereof and bear interest on a weekly basis at the lesser of (1) the rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2008 Series D Bonds being 100% of the principal amount thereof or (2) the Maximum Rate. No assurance can be provided that there will be a secondary market for the 2008 Series D Bonds in the event the Bank fails to purchase the 2008 Series D Bonds. Bondholders will not have the ability to tender their 2008 Series D Bonds during such period and may be required to hold their 2008 Series D Bonds to their maturity or prior redemption.

Administration Not Responsible to Bondholders for Bank’s Failure to Purchase 2008 Series D Bonds

Under the terms and provisions of the Remarketing Agreement and the Initial Standby Credit Facility, the Purchase Price of 2008 Series D Bonds will be payable from moneys furnished in connection with the remarketing of the 2008 Series D Bonds or from the Initial Standby Credit Facility. The Administration is not responsible to Bondholders for any failure by the Bank to purchase 2008 Series D Bonds tendered at the option of the Holder or subject to mandatory tender for purchase pursuant to the Series Resolution when the Bank is required to purchase the 2008 Series D Bonds under the Initial Standby Credit Facility.

If the Bank does not purchase any 2008 Series D Bonds tendered or deemed tendered for purchase by the Bondholders thereof and not remarketed, such 2008 Series D Bonds would be returned to the holders thereof and bear interest on a weekly basis at the lesser of (1) the rate which, in the determination of the Remarketing Agent, would result as nearly as practicable in the market value of the 2008 Series D Bonds being 100% of the principal amount thereof or (2) the Maximum Rate. Bondholders will not have the ability to tender their 2008 Series D Bonds during such period and may be required to hold their 2008 Series D Bonds to their maturity or prior redemption.

STANDBY CREDIT FACILITY RELATING TO THE 2008 SERIES D BONDS

General Provisions

The following description is a summary of certain provisions of the Initial Standby Credit Facility. Such summary does not purport to be a complete description or restatement of the material provisions of the Initial Standby Credit Facility. The form of the Initial Standby Credit Facility is attached to this Remarketing Memorandum in "Appendix Q - FORM OF INITIAL STANDBY CREDIT FACILITY". For information regarding the Bank, see Appendix P – "CERTAIN INFORMATION CONCERNING PNC BANK, NATIONAL ASSOCIATION."

The Initial Standby Credit Facility provides that the Bank shall purchase those 2008 Series D Bonds tendered or deemed tendered from time to time pursuant to an optional or mandatory tender by owners thereof in accordance with the terms of the Bond Resolutions, in each case, to the extent such 2008 Series D Bonds are not remarketed by the Remarketing Agent. The Initial Standby Facility will also provide funds for the purchase of 2008 Series D Bonds upon the failure of the Administration to pay principal and interest when due, subject to the terms and provisions therein. The Initial Standby Credit Facility will expire on June 7, 2015, unless extended or terminated pursuant to its terms.

In connection with the delivery of the Initial Standby Credit Facility, the Administration and the Bank are entering into a Reimbursement Agreement dated as of June 1, 2012 (the "Reimbursement Agreement").

Purchase of Tendered 2008 Series D Bonds by the Bank

The Bank will purchase from time to time during the period prior to the expiration or earlier termination of the Initial Standby Credit Facility, 2008 Series D Bonds tendered or deemed tendered from time to time during the period from the date of remarketing of the 2008 Series D Bonds hereunder to and including June 7, 2015 (unless extended or earlier terminated pursuant to the terms of the Initial Standby Credit Facility) pursuant to an optional or mandatory tender by owners thereof in accordance with the terms and provisions of the Bond Resolutions, in each case, to the extent such 2008 Series D Bonds are not remarketed in accordance with the terms and provisions of the Remarketing Agreement. The price to be paid by the Bank for 2008 Series D Bonds will be equal to the aggregate principal amount of each such 2008 Series D Bond, plus interest accrued thereon to but excluding the date of such purchase. See "THE 2008 SERIES D BONDS - Optional Tender of the 2008 Series D Bonds" and "THE 2008 SERIES D BONDS - Mandatory Tender of the 2008 Series D Bonds" for a description of the optional and mandatory tenders relating to the 2008 Series D Bonds.

Events of Default

The occurrence of any of the following events shall constitute an "Event of Default" under the Reimbursement Agreement. Reference is made to the Reimbursement Agreement for a complete listing of all Events of Default:

(i) the Administration shall fail to pay when due (y) any amount payable with respect to reimbursing advances made under the Initial Standby Credit Facility as provided under the Reimbursement Agreement or under the fee letter setting for the fees with respect to the Initial Standby Credit Facility and such failure shall continue for a period of five (5) days or (z) any other amount payable under the Reimbursement Agreement (except any amount set forth in subsection (ix) below) and such failure shall continue for a period of five (5) days; *provided*, however, that no such failure to pay shall constitute an Event of Default if (1) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (2) the Administration had sufficient funds available on such day to make payment when due, and (3) the payment is made within one (1) Business Day after the Administration's receipt of notice of such failure to pay;

(ii) the Administration shall fail to observe any of the covenants contained in Sections 6(b), 6(c), 6(e), 6(g) or 6(i) of the Reimbursement Agreement;

(iii) the Administration shall fail to observe or perform any covenant or agreement contained in the Reimbursement Agreement (other than those covered by clause (i) or (ii) above), but including those incorporated by reference therein for thirty (30) days after written notice thereof has been given to the Administration by the Bank;

(iv) any representation, warranty, certification or statement made by the Administration (or incorporated in the Reimbursement Agreement by reference) in the Reimbursement Agreement or any Related Document (as defined in the Reimbursement Agreement) or in any certificate, financial statement or other document delivered pursuant to the Reimbursement Agreement or any Related Document shall prove to have been incorrect in any material respect when made or deemed to have been made on the date on which the Bonds were remarketed;

(v) any default by the Administration shall have occurred and be continuing under the Bond Resolutions or any Supplemental Resolution (as defined in the Bond Resolution) after taking into account any applicable notice and cure period;

(vi) the Administration shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall declare a debt moratorium, or shall take any action to authorize any of the foregoing;

(vii) an involuntary case or other proceeding shall be commenced against the Administration seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against the Administration under the federal bankruptcy laws as now or hereafter in effect;

(viii) any material provision of the Reimbursement Agreement, the Bond Resolutions or the 2008 Series D Bonds shall cease for any reason whatsoever to be a valid and binding agreement of the Administration or the Administration shall contest the validity or enforceability thereof;

(ix) the Administration shall fail to pay when due any amount payable under the 2008 Series D Bonds (regardless of any waiver thereof by the holders of the 2008 Series D Bonds), Bank Bonds, or any Term Loan (as such terms are defined in the Reimbursement Agreement); provided, however, that no such failure to pay shall constitute an Event of Default if (x) such failure to pay was caused solely by an error or omission of an administrative or operational nature, (y) the Administration had sufficient funds available on such day to make payment when due, and (z) the payment is made within one Business Day after the Administration's receipt of notice of such failure to pay;

(x) a moratorium shall have been declared or commenced by the United States government, the State, any other governmental authority of competent jurisdiction or the Administration with respect to any indebtedness of the Administration;

(xi) Moody's shall downgrade the long-term unenhanced rating of the Debt of the Administration to below "Baa3" (or its equivalent), or Moody's shall suspend or withdraw for a credit-related reason the long-term unenhanced rating of the Debt of the Administration; or

(xii) a final, non-appealable judgment against the Administration in excess of $25,000,000 payable from Revenues and such judgment remains unpaid for sixty (60) days or more without being satisfied or stayed.

Remedies. The following are remedies available to the Bank under the Reimbursement Agreement upon the occurrence of certain of the above described Events of Default. Reference is made to the Reimbursement Agreement for a complete listing of all consequences of Events of Default:

(i) If an Event of Default shall have occurred and be continuing, then, and in every event, the Bank may (x) deliver a notice in the form of Exhibit B attached to the Reimbursement Agreement (a "Default Rate Notice") to the Administration for purposes of increasing the rate payable on the Bank Bonds pursuant to the terms thereof to the Default Rate (as defined in the Reimbursement Agreement); provided, however, from and after the occurrence of an Event of Default, Bank Bonds and all other obligations of the Administration under the Reimbursement Agreement will bear interest at the Default Rate regardless of whether the Bank delivers such Default Rate Notice, (y) deliver a notice in the form of Exhibit C attached to the Reimbursement Agreement (a "No Remarketing Notice") to the Remarketing Agent not to remarket any of the Bank Bonds and/or (z) take any other actions contemplated by the Reimbursement Agreement or otherwise permitted by applicable law or in equity; and

(ii) If an Event of Default (other than an Event of Default solely under subsections (i)(z), (iii) or (iv) above under "Events of Default") (a "Termination Event") shall have occurred and be continuing, then, and in every such event, the Bank may, by notice to the Trustee, terminate the Initial Standby Credit Facility pursuant to the terms thereof.

If as a result of the occurrence of a Termination Event the Bank determines to terminate the Initial Standby Credit Facility, the Bank shall provide a Notice of Termination in the form attached to the Initial Standby Credit Facility and the 2008 Series D Bonds shall be subject to mandatory tender not less than five days prior to the termination date set forth in such Notice of Termination. See "THE 2008 SERIES D BONDS - Mandatory Tender of the 2008 Series D Bonds" for a discussion of mandatory tenders.

THE BANK

PNC Bank, National Association is providing the Initial Standby Credit Facility. Appendix P contains a summary of certain financial information regarding the Bank. For a description of the Initial Standby Credit Facility, see "STANDBY CREDIT FACILITY RELATING TO THE 2008 SERIES D BONDS" herein. Appendix Q contains the form of the Initial Standby Credit Facility. The Administration does not make any representation concerning, nor does the Administration assume any responsibility for, the adequacy, accuracy or timeliness of the information in Appendix P or Appendix Q of this Remarketing Memorandum regarding the Bank or the Initial Standby Credit Facility.

SECURITY FOR THE BONDS

Provisions of Bond Resolution

Pursuant to the Bond Resolution, the security for the Bonds is a pledge of and lien on:

(1) proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of Outstanding Bonds);

(2) the Administration's right, title and interest in and to all Program Assets financed from such proceeds;

(3) Revenues;

(4) all money, investments and other assets held in the funds and accounts established by or pursuant to the Bond Resolution and the earnings thereon, except for any money, investments, assets or income held in the Rebate Fund or in any fund or account created by a Series Resolution or a Supplemental Resolution which provides that such fund or account shall not be subject to the lien of the Bond Resolution; and

(5) any and all other property of every description and nature from time to time hereafter by delivery or by writing of any kind conveyed, pledged, assigned or transferred to the Trustee as and for additional security under the Bond Resolution by the Administration or by anyone on its behalf or with its written consent.

The pledge and security interest are subject to (i) the power of the Administration to direct the withdrawal of amounts from such funds and accounts free and clear of such pledge and security interest upon the conditions provided in the Bond Resolution subject to the filing of a Cash Flow Certificate, (ii) other specific limitations set forth in the Bond Resolution and (iii) with respect to one or more Series of Bonds, the power of the Administration to grant a lien on the same property and rights (or any portion thereof) on a parity with or subordinate to the lien granted to the Trustee for the benefit of the owners of the Bonds (provided, however, any funds, assets or other property pledged to or for the benefit of the Credit Enhancer or Credit Facility Provider shall be available to the Credit Enhancer or Credit Facility Provider only after it has made payment under the Credit Enhancement or Credit Facility, as appropriate) and to exclude all moneys deposited into any fund or account with respect thereto from the pledge to the Trustee securing payment of the Bonds or to limit such pledge. Moneys necessary to pay arbitrage rebate, if any, to the United States are administered outside of, and are not subject to the lien of, the Bond Resolution. For a description of the provisions of the Bond Resolution for releasing of moneys or other assets from the lien of the Bond Resolution, see "SECURITY FOR THE BONDS – Cash Flow Statements and Certificates".

The pledge made and security interests granted by the Bond Resolution and the covenants and agreements therein set forth are for the equal benefit, protection and security of holders of all Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any Bond over any other except as expressly provided or permitted herein. Subordinate Bonds need not be of equal rank with other Bonds and shall be entitled to the preferences and priorities provided in the Series Resolution authorizing the issuance of Subordinate Bonds. See "SECURITY FOR THE BONDS –Additional Bonds". The Administration may, from time to time, enter into Qualified Hedges which may be secured on a parity basis with the Bonds. See "SECURITY FOR THE BONDS - Interest Rate Swaps" and Appendix D - "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION".

The Bonds are special obligations of the Administration payable solely from the revenues and assets of the Administration pledged therefor under the Bond Resolution. The Administration has no taxing power. The Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

Program Assets

Loans. Mortgage Loans or participations in Mortgage Loans allocated to the 2008 Series D Bonds will continue to be pledged as Program Assets under the Bond Resolution. The Trustee will retain all right, title and interest in each such Mortgage Loan or participation interest for the equal and ratable security of the Bonds.

Each of the Loans financed with the proceeds of Prior Bonds issued under the Bond Resolution have been Mortgage Loans. Loans have been and may be insured by FHA or private mortgage insurance, acceptable to the Administration, the MHF, or guaranteed by VA or USDA/RD. The Administration is currently not financing Loans that are insured by private mortgage insurance, but may do so in the future. Loans with a loan-to-value ratio of 80% or less may be uninsured if certain requirements of the Administration are met. See Appendix G – "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS – The MHF Insurance Program". The Bond Resolution does not require that a Loan financed in the future be secured by Credit Enhancement. Credit Enhancement of all or a portion of a Loan, if any, will be provided in accordance with the applicable provisions set forth in the Series Resolution authorizing a particular Series of Bonds. Credit Enhancement of Loans includes (but is not limited to) any credit enhancement, insurance, guaranty, risk-sharing arrangement or any other form of credit support for a Loan (or any portion thereof) as provided in any Series Resolution or Supplemental Resolution.

Mortgage Loans financed with the proceeds of the Prior Bonds will be secured primarily by a first lien mortgage. However, the Bond Resolution does not require that a Loan financed in the future be secured by a Mortgage constituting a mortgage lien on a Development, or that the lien of any Mortgage be a first lien. Any of the Loan requirements may be varied pursuant to Credit Enhancement of such Loan or, if the Loan is not Credit Enhanced, as required or permitted by the Administration.

Pursuant to the Bond Resolution, the Administration may, in its discretion: (i) sell any Loan not in default, (ii) release any Loan from the lien of the Bond Resolution, or (iii) materially modify, amend or alter any security for, or any terms or provisions, of any Loan or Mortgage. Before selling or otherwise transferring a Loan not in default (other than transfer of a Program Asset to a provider of Credit Enhancement or a Credit Facility provided that payment is made under the terms of the Credit Enhancement or Credit Facility), the Administration is required to file with the Trustee a Cash Flow Certificate taking such sale, release, cancellation, modification, amendment or alteration into account. The Administration may materially modify, amend, alter, release or cancel any terms or provisions of any Credit Enhancement.

Generally, the ability of the Administration to pay debt service on the Bonds depends upon the receipt of sufficient Revenues, principally comprising principal and interest payments on Loans, and earnings on investment of moneys in funds and accounts under the Bond Resolution. The Reserve Fund has been established to provide for the payment of debt service on the Bonds if Revenues for that purpose are at any time insufficient. If, however, Borrowers fail to satisfy their respective Loan obligations, and the proceeds of Credit Enhancement, if any, are insufficient, sufficient moneys may not be available to pay principal of and interest on the Bonds. The failure of a Borrower to make timely payment on its Loan or the occurrence of an event of default with respect to a Program Asset does not constitute a default with respect to any other Program Asset. Similarly, the occurrence of an Event of Default under the Bond Resolution does not, of itself, constitute an event of default with respect to any Program Asset. Under such circumstances, neither the Administration nor the Trustee has the right to accelerate payment of any Program Asset not in default.

Mortgage-Backed Securities. Effective as of February 1, 2011, newly originated Mortgage Loans insured by FHA or guaranteed by VA or RHS generally have been purchased and securitized into mortgage-backed securities guaranteed by GNMA (the "Mortgage-Backed Securities"). U.S. Bank, National Association, a GNMA approved master servicer, purchases, securitizes and services such Mortgage Loans pursuant to a Servicing Agreement between the Administration and U.S. Bank National Association. No assurance can be provided, however, that the Administration will continue to cause such Mortgage Loans to be securitized into Mortgage-Backed Securities. Proceeds of the 2008 Series D Bonds were not used to purchase Mortgage-Backed Securities.

Developments. In addition to financing Loans, Bonds may be issued under the Bond Resolution to provide funds for the making, purchasing or otherwise financing or refinancing of Developments, including any project, facility, undertaking or purpose that the Administration is authorized to undertake, finance or provide financing for pursuant to the Act as now or hereafter in effect, including, without limitation, Single

Family Residences, multi-family housing, group housing, shared living facilities, home improvements, housing rehabilitation and any undertaking or project, or portion thereof, which is defined as a "community development project," a "public purpose project," an "energy conservation project," a "home improvement project," an "infrastructure project" or a "special housing facility" by the Act.

Reserve Fund

The Reserve Requirement, as of any date of calculation, is the aggregate of the amounts specified as the Reserve Requirement for each Series of Bonds in the applicable Series Resolution. During fiscal year 1997, the Administration adopted the provisions of GASB 31, which require that the financial statements of the Administration reflect investments at fair value. Accordingly, the balance of the Reserve Fund reported at December 31, 2011, includes investments at fair value. As of December 31, 2011, the available balance in the Reserve Fund was $54,927,493, of which $42,735,361 was cash equivalents. The fair value of investments was $12,192,132, of which $9,473,582 was the book value of investments and $2,718,550 was the increase in fair value of investments. See Appendix J – "INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS" herein. The amount currently on deposit in the Reserve Fund is at least equal to the aggregate Reserve Requirement established in the Series Resolutions which is 2% of the sum of: (i) the aggregate lendable proceeds on deposit in the Program Fund relating to all Prior Bonds, and (ii) the aggregate principal amount of the Mortgage Loans then outstanding made or purchased from amounts described in clause (i) above.

If moneys in the Revenue Fund are insufficient to provide for the payment when due of any Principal Installment, interest on the Bonds or any Sinking Fund Installment with respect to the Bonds, the Trustee shall withdraw from the Reserve Fund and pay into the Revenue Fund the amount of such deficiency. If any such withdrawal results in the balance in the Reserve Fund falling below the amount of the Reserve Requirement, any such deficiency shall be replenished from amounts available in the Revenue Fund following payment of Principal Installments, Sinking Fund Installments, redemption premium (if any) and interest on the Bonds. The failure of the Administration to maintain the Reserve Requirement will not, in and of itself, constitute an Event of Default under the Bond Resolution.

The Trustee may, at the direction of an Authorized Officer, withdraw any amount in the Reserve Fund in excess of the Reserve Requirement, and any amount anticipated to be withdrawn in connection with the purchase or redemption of Bonds, and credit such amount to the Revenue Fund. The Reserve Fund and the Reserve Requirement may be funded with moneys or Cash Equivalents, in accordance with the requirements of the Bond Resolution and any Supplemental Resolution, or as determined to be deposited therein by the Administration. If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility or Credit Enhancement are to be used to pay the Principal Installments of and interest on Bonds, then amounts in the Reserve Fund that would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider or Credit Enhancer for the amounts so obtained, all in accordance with such Supplemental Resolution.

Collateral Reserve Fund

The Administration has established a Collateral Reserve Fund under the Bond Resolution to provide additional pledged collateral as it deems appropriate. The Bond Resolution does not require the funding of the Collateral Reserve Fund, except as determined by the Administration. Any moneys, Cash Equivalents (e.g., letters of credit, insurance policies, sureties, guaranties or other security arrangements), Program Assets, Non-Conforming Loans (i.e., Loans which do not comply with the mortgage eligibility requirements of the Code) or other assets on deposit in the Collateral Reserve Fund are pledged as security for the Bonds, but may be transferred to any other Fund or Account or withdrawn, free and clear of the lien of the Bond Resolution, by the Administration upon receipt by the Trustee of an Administrative Request and, with respect to amounts deposited pursuant to prior Series Resolutions, a Cash Flow Certificate.

Moneys, Cash Equivalents, Program Assets, Non-Conforming Loans and other assets may be deposited into the Collateral Reserve Fund in accordance with the requirements of a Series Resolution or a Supplemental Resolution. Such Series Resolution or Supplemental Resolution may establish terms, conditions and provisions relating to the funding of the Collateral Reserve Fund, disbursement of moneys or Cash Equivalents and the sale, disposition or release of Non-Conforming Loans from the Collateral Reserve Fund as well as the maintenance of such assets required to be held in such fund with respect to either a Series of Bonds or generally. In connection with the retirement in August of 2010 of the Administration's general certificate dated May 1, 1980 (the "General Certificate") pursuant to which the Administration had previously issued certain series of single family program bonds, the Administration transferred to the Collateral Reserve Fund additional loans with a principal balance of approximately $106.4 million and cash of approximately $7.5 million. As of December 31, 2011 (and including the Warehouse Fund described below), the Collateral Reserve Fund held Loans with an outstanding principal balance of $136,851,069 and Investment Obligations in the amount of $153,855,525. See Appendix J – "INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS" herein.

In addition, the Administration has established the Warehouse Loan Fund under the Collateral Reserve Fund of the Bond Resolution. Amounts on deposit in the Warehouse Loan Fund are used to purchase loans. The Administration may apply certain amounts deposited into the Program Fund from proceeds of a Series of Bonds to purchase Mortgage Loans from the Warehouse Loan Fund. For information on the status of the Warehouse Loan Fund, see Appendix B – "THE PROGRAM – Existing Portfolio and Available Funds Under the Bond Resolution – Status of Available Funds" and Appendix J – "INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS" herein.

Cash Flow Statements and Certificates

The Administration is required to file with the Trustee a current Cash Flow Statement whenever any Series of Bonds is issued, unless such filing is not required by a Rating Agency, provided that the Administration shall file with the Trustee a current Cash Flow Statement at least annually.

A Cash Flow Statement shall consist of a certification and calculation made by or for the Administration and signed by an Authorized Officer giving effect to the action proposed to be taken and demonstrating that:

(i) Revenues;

(ii) interest and other income estimated by the Administration to be derived from the investment or deposit of money available for payment of the Parity Obligations in any fund or account created by or pursuant to the Bond Resolution (which estimate shall be based upon the investments or deposits in any fund or account at the rate of return thereon or, in the case of future investments or investments or deposits expected to be made at the time of such certificate, at an assumed rate or reinvestment rate reasonably determined by the Administration);

(iii) any fees charged by the Administration and any other available revenues; and

(iv) any other moneys or funds pledged to the payment of the Parity Obligations,

will be sufficient, in the judgment of an Authorized Officer of the Administration, to pay the principal of and interest on all Outstanding Bonds and other Parity Obligations described in the calculation in the current and in each succeeding Bond Year. A Cash Flow Statement shall include all Outstanding Bonds and other Parity Obligations, together with one or more Series of Bonds to be issued by the Administration, all as may be required by the Bond Resolution, and may exclude any or all Subordinate Contract Obligations. To the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account when preparing a Cash Flow Statement.

In addition, the Cash Flow Statement shall demonstrate that: (1) the amount of moneys and Investment Obligations held in any Fund or Account pledged to the payment of the Bonds (valued at their cost to the Administration, as adjusted by amortization of the discount or premium paid upon purchase of such obligations ratably to their respective maturities), together with accrued but unpaid interest thereon, (2) the outstanding principal balance of Loans, together with accrued but unpaid interest thereon, and (3) any other assets, valued at their realizable value, pledged for the payment of the Bonds and other Parity Obligations, will equal or exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds and other Parity Obligations; provided that in the event a Series Resolution specifies that, for purposes of the requirements of this paragraph, the Loans financed by such Series of Bonds shall be valued at other than their outstanding principal balance, then, with respect to such Loans, such other value shall be used in the calculations required by this paragraph.

The Administration is required to file with the Trustee a current Cash Flow Certificate:

(i) upon purchase or redemption of Bonds of a Series in a manner other than (A) as contemplated in the most recent Cash Flow Statement filed by the Administration with the Trustee, or (B) on a basis whereby the Bonds of each maturity of such Series are purchased or redeemed in the proportion that the amount Outstanding of such maturity bears to the total amount of all Outstanding Bonds of such Series, with respect to purchases or redemptions to be made from Recovery Payments or excess Revenues;

(ii) prior to withdrawing moneys from the Revenue Fund for payment to the Administration free and clear of the pledge and lien of the Bond Resolution, in an amount in excess of the amounts determined to be available for such purpose in the most recent Cash Flow Statement filed with the Trustee;

(iii) prior to selling or otherwise transferring any Loan not in default, except with respect to the sale or release of Non-Conforming Loans and Loans secured by a Credit Facility or a Credit Enhancement that continues in effect after such release provided that payment is made under the Credit Enhancement or Credit Facility.

A Cash Flow Certificate shall consist of a statement of an Authorized Officer of the Administration to the effect of one of the following: (1) the proposed action is consistent with the assumptions set forth in the most recent Cash Flow Statement; or (2) after giving effect to the proposed action, in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding, the amounts described in clauses (i) through (iv) in the description of the Cash Flow Statement above will be sufficient, in the judgment of an Authorized Officer of the Administration, to pay the principal of and interest on all Outstanding Bonds described in the calculation, except that to the extent specified in a Supplemental Resolution, a fund or account established in said Supplemental Resolution shall not be taken into account in connection with such Cash Flow Certificate; or (3) the proposed action will not in and of itself materially adversely affect the amounts described in clauses (i) through (iv) in the description of the Cash Flow Statement above, except with respect to such funds or accounts that may be specified in such Supplemental Resolution to not be taken into account in connection with such Cash Flow Certificate. The Administration, at its option, may file a Cash Flow Statement in lieu of a Cash Flow Certificate in any instance when it is required to file a Cash Flow Certificate.

Cash Flow Statements and Cash Flow Certificates shall be based upon the Administration's reasonable expectations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agencies' ratings on the Bonds. Such assumptions and information are subject to change which may materially affect the conclusions expressed in the statement or certificate. Accordingly, Bondholders should be aware that the existence of a Cash Flow Statement or Cash Flow Certificate does not assure that the conclusions expressed therein will accurately reflect future revenues or events.

Investment of Funds

Pending application to the purposes of each fund or account, moneys held in the various funds and accounts under the Bond Resolution will be invested in Investment Obligations. See Appendix C – "DEFINITIONS – Investment Obligations" and Appendix B – "THE PROGRAM – Existing Portfolio and Available Funds Under the Bond Resolution". As of December 31, 2011, the proceeds of Prior Bonds held in the Program Fund, the Revenue Fund, the Reserve Fund and the Collateral Reserve Fund were invested in the Investment Obligations set forth in Appendix J – "INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS".

In general, it is the Administration's policy to invest funds held in the Revenue Fund, the Reserve Fund, the Program Fund and the Collateral Reserve Fund in U.S. Treasury securities, collateralized investment contracts, accounts with financial institutions, and securities of other institutions created by the U.S. Government. In addition, the Administration expects to use all funds currently held in the Program Fund and the Collateral Reserve Fund to finance Mortgage Loans.

The Trustee may purchase Investment Obligations that do not meet the ratings requirements described in the definition of Investment Obligations, so long as the purchase of such Investment Obligations does not, as of the date of such purchase, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any Rating Agency then rating the Bonds. If the rating of any Investment Obligation purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Investment Obligations. If a Rating Agency were to downgrade or withdraw the rating on any Investment Obligations previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See "RATINGS" herein.

Credit Facilities

Under the Bond Resolution, payment of the principal or redemption or purchase price of and interest on each Series of Bonds issued thereunder may be, but is not required to be, secured by a Credit Facility. In connection with obtaining any such credit or liquidity facility, the Administration may under the Bond Resolution pledge to the provider thereof its interests in the Loans and the accounts created under the Bond Resolution and applicable Series Resolution relating to such Loans.

A Credit Facility may be: (i) an unconditional and irrevocable letter of credit in a form and drawn on a bank or banks acceptable to the Administration, so long as the providing of such letter of credit does not, as of the date it is provided, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by any of the Rating Agencies, (ii) cash, (iii) a certified or bank check, (iv) Investment Obligations, or (v) any other credit facility similar to the above in purpose and effect, including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which, in any case secures all or a portion of one or more Series of Bonds.

Credit Enhancement

Forms of credit enhancement may include mortgage insurance provided through the FHA mortgage insurance programs, private mortgage insurance, the VA and the USDA/RD guarantee programs, private mortgage insurance policies and the Maryland Housing Fund ("MHF") mortgage insurance program. The Administration is currently not financing Loans that are insured by private mortgage insurance, but may do so in the future. Other forms of credit enhancement also may include letters of credit, insurance policies, sureties, guarantees or any other security arrangement upon which the Administration or the Trustee may draw to provide credit support for Program Assets under the Bond Resolutions. All Loans with a loan-to-value ratio exceeding 80% will be secured by Credit Enhancement in the form of FHA mortgage insurance, private mortgage insurance, a VA or USDA/RD guarantee, or MHF insurance. Any secondary financing in connection with a Loan not covered by Credit Enhancement described in the preceding sentence must be acceptable to the Administration. The secondary financing may include, for example, certain grants or loans from governmental or non-profit entities; any loans must be non-amortizing or amortize at an interest rate below the market rate. In the future, Loans may be, but are not required to be, secured by Credit Enhancement. See “SECURITY FOR THE BONDS”.

Variable Rate Bonds

The Administration had outstanding nine (9) series of variable rate Bonds in an aggregate principal amount of $336,615,000 as of December 31, 2011 (including the 2008 Series D Bonds being reoffered hereunder). Each Series of variable rate Bonds currently bears interest at a variable rate of interest determined either weekly or daily and is subject to tender at the option of the holders of such Bonds and to mandatory tender in accordance with the terms of the Bond Resolutions. Such Bonds may be converted to a different interest rate setting mode, following a mandatory tender of such Bonds as provided in the Bond Resolutions. The Administration has obtained a Liquidity Facility to provide funds for the purchase of Bonds of such series that have been tendered for purchase and not remarketed subject to the terms contained in the Liquidity Facility.

The Administration is replacing the existing Liquidity Facility for the 2008 Series D Bonds with the Initial Standby Credit Facility on the Remarketing Date. Contemporaneously with the delivery of the Initial Credit Facility for the 2008 Series D Bonds, the Administration expects to cause to be delivered a Standby Credit Facility provided by the Bank (the “2007 Series F Standby Credit Facility”) for the 2007 Series F Bonds in replacement of the existing Liquidity Facility therefor. In addition to providing funds for the purchase of Bonds that have been tendered for purchase and not remarketed, a Standby Credit Facility (including the Initial Standby Credit Facility) will provide funds for the purchase of the related series of Bonds upon the failure by the Administration to pay principal and interest on such Bonds when due, subject to the respective terms set forth therein.

The Administration has covenanted in each Series Resolution with respect to each such series of Bonds to maintain a Standby Facility with respect to each such series of variable rate Bonds prior to the date, if any, when all such variable rate Bonds of such series are converted to another interest rate mode not requiring a Standby Facility under the applicable Series Resolution.

Upon the occurrence of certain events set forth in the related Standby Facility, including without limitation, a failed remarketing or certain notice termination events, variable rate Bonds may be subject to increased interest rates and accelerated amortization.

The series of variable rate Bonds currently outstanding and information relating to Liquidity Facilities in place with respect to such Bonds as January 1, 2012 are as follows:

Bond Issue	Date of Initial Issuance	Outstanding Principal (as of January 1, 2012)	Liquidity Facility Provider	Standby Facility Expiration Date
2003 Series C	11/9/2003	$20,000,000	State Street[1]	11/14/2014
2004 Series F	8/12/2004	20,000,000	State Street[1]	11/14/2014
2004 Series I	11/10/2004	20,000,000	State Street[1]	11/14/2014
2006 Series G	5/24/2006	40,000,000	State Street[1]	11/14/2014
2006 Series J	7/13/2006	60,000,000	State Street[1]	11/14/2014
2007 Series F	6/20/2007	43,705,000	KBC[(2)(4)]	6/19/2012
2007 Series J	8/9/2007	53,970,000	KBC[2]	8/8/2012[3]
2007 Series M	12/12/2007	29,050,000	KBC[2]	12/11/2012[3]
2008 Series D	9/4/2008	49,890,000	KBC[(2)(5)]	8/31/2012

(1) State Street Bank and Trust Company.
(2) KBC Bank N.V., acting through its New York Branch.
(3) The Administration is in discussions with other financial institutions about providing Alternate Standby Facilities for these Bonds. To the extent an Alternate Standby Facility is provided (or an existing Liquidity Facility is extended with material differences in the terms thereof or is otherwise allowed to expire), these Bonds will become subject to mandatory tender on a date not less than 5 days prior to the scheduled expiration or earlier termination of the related Liquidity Facility.
(4) The KBC Liquidity Facility for these Bonds is being replaced with the 2007 Series F Standby Credit Facility to be provided by the Bank on the Remarketing Date.
(5) The KBC Liquidity Facility for the 2008 Series D Bonds is being replaced with the Initial Standby Credit Facility provided by the Bank on the Remarketing Date.

In addition to the series of variable rate Bonds listed above, the Administration's Residential Revenue Bonds 2011 Series B (the "2011 Series B Bonds") are outstanding in the principal amount of $20,000,000 as of January 1, 2012. The 2011 Series B Bonds bear interest at a rate equal to SIFMA plus 0.95%. The 2011 Series B Bonds are not subject to optional tender, but are subject to mandatory tender on March 1, 2016 at which time the Administration expects to remarket the 2011 Series B Bonds. The 2011 Series B Bonds are not secured by a Standby Facility.

General Bond Reserve Fund

As an additional source of funds for the payment of principal of and interest on the bonds and notes issued or to be issued by the Administration, including the 2008 Series D Bonds, the Administration has established the General Bond Reserve Fund (the "General Bond Reserve Fund") pursuant to an Indenture of Trust by and between the Administration and Manufacturers and Traders Trust Company, Baltimore, Maryland, as successor trustee, originally adopted as of June 29, 1984, and amended and restated as of November 18, 2003 between the Administration and Manufacturers and Traders Trust Company as trustee. Amounts on deposit in the General Bond Reserve Fund, to the extent available, may be used to pay the principal of and interest on bonds and notes of the Administration in the event that revenues and assets specifically pledged to such bonds and notes are not sufficient for the payment of principal of and interest on such notes or bonds. In addition, the Administration uses moneys in the General Bond Reserve Fund to cover costs of operation of the Administration. The Administration may withdraw funds within the General Bond Reserve Fund, or may pledge such funds to specific obligations, at any time for any purposes under the Act.

Balances. During fiscal year 1997, the Administration adopted the provisions of GASB 31, an accounting standard adopted by the Government Accounting Standards Board. GASB 31 requires the financial statements of the Administration to reflect investments at fair value. Accordingly, the balance of the General Bond Reserve Fund as reported at December 31, 2011, includes investments at fair market value. As of December 31, 2011, the available balance in the General Bond Reserve Fund was $26,807,099, of which $18,854,830 was cash equivalents. The fair value of investments was $7,952,269, of which $5,561,212 was the book value of investments and $2,391,057 was the increase in fair value of investments.

On May 19, 1997, the Director of the Administration adopted a determination (the "Determination"), approved by the Secretary, stating that it is the policy of the Administration to maintain a total amount of cash, Investment Obligations and loans under the Administration's special housing opportunities program for financing Group Homes (the “Available Balance”) in the General Bond Reserve Fund, as of July 1 of each year, of not less than $20,000,000.

The Determination also provides that the Administration shall provide Moody’s with written notice (i) if, as of July 1 of any year, the Available Balance in the General Bond Reserve Fund falls below $20,000,000, such notice to be given no later than July 30 for unaudited amounts, and no later than September 30, for audited amounts; and (ii) of any event pursuant to which the Administration places or causes to be placed any lien or restriction upon all of any part of the funds held in the General Bond Reserve Fund (other than liens established in connection with the payment of principal of or interest on any of the Administration’s bonds from the General Bond Reserve Fund).

Special Restrictions. As of December 31, 2011, the Administration has restricted $818,024 in the General Bond Reserve Fund as required for participation in the HUD Risk-Sharing Program.

Unless a default has occurred with respect to payment of any principal (or, if applicable, any redemption premium) of the Bonds or other bonds issued by the Administration, the Administration may, subject to any limitations set forth in the preceding paragraph, withdraw amounts in the General Bond Reserve Fund or may pledge amounts in the General Bond Reserve Fund to specific obligations at any time for any purposes under the Act. Upon the occurrence of an event of default with respect to any bonds secured by the General Bond Reserve Fund, the trustee for the defaulted bonds may file a claim against the General Bond Reserve Fund in an amount equal to the amount in default, and upon filing such a claim will have a lien on the General Bond Reserve Fund in the amount of such claim. In the event of multiple defaults, claims against the General Bond Reserve Fund are given priority based upon time of receipt by the General Bond Reserve Fund trustee. There can be no assurance that moneys will be available in the General Bond Reserve Fund for the payment of principal of or interest on the Bonds. The Trustee is also the trustee for the General Bond Reserve Fund.

The Administration reserves the right to exclude the General Bond Reserve Fund as a potential source of security for Additional Bonds issued under the Bond Resolution.

Additional Bonds

General. The Administration, from time to time, may issue Additional Bonds that are on a parity with and shall be entitled to the same benefits and security under the Bond Resolution as all other Bonds previously issued under the Bond Resolution, including the 2008 Series D Bonds and except Subordinate Bonds (described below). A series of Additional Bonds shall be authorized and issued under and secured by the Bond Resolution pursuant to the authorization contained in a resolution of the Administration relating to such series of Additional Bonds (a “Series Resolution”). A series of Additional Bonds may be issued to finance or refinance Program Assets, including, but not limited to, Mortgage Loans, to refund Bonds or other obligations (including bonds issued by the Administration under resolutions other than the Bond Resolution), to fund reserves, to pay Costs of Issuance or to achieve any other of the Administration’s purposes. Each Series Resolution authorizing the issuance of such series of Additional Bonds shall set forth the details of such Additional Bonds as well as any determinations by the Administration relating to Program Assets to be financed with the proceeds of such Additional Bonds. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Issuance of the Bonds” herein.

Before a series of Additional Bonds shall be authenticated and delivered by the Trustee, the Administration shall cause to be on file with the Trustee, among certain items specified in the Bond Resolution, (i) an opinion of Bond Counsel concerning the security for such Bonds and the due adoption and valid and binding nature of the Bond Resolution and the Series Resolution, and (ii) a Cash Flow Statement, accompanied by a Certificate of the Administration to the effect that the Administration has been advised by each rating agency then maintaining a rating on the Bonds that the existing rating of Bonds then outstanding (other than Subordinate Bonds and any Series of Bonds which has a rating based on a credit facility) will not be reduced as a result of the issuance of the series of Additional Bonds (published rating criteria by such rating agency constituting evidence of such advice). See “SECURITY FOR THE BONDS – Cash Flow Statements and Certificates” herein.

Subordinated Bonds. The Administration, from time to time, may issue Additional Bonds to be secured by the Bond Resolution and a Series Resolution relating to such series of Additional Bonds, on a subordinated basis (“Subordinated Bonds”), subject to the conditions provided in the Bond Resolution and the related Series Resolution. A series of Subordinated Bonds may be payable from Revenues derived from the Bond Resolution, but only after payment of all other amounts payable from Revenues with respect to Bonds which are not Subordinated Bonds having a higher priority to payment from such Revenues. To date, the Administration has not issued Subordinate Bonds under the Bond Resolution. See Appendix D – “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Authorization of Subordinate Bonds; Conditions Precedent to Delivery” herein.

Taxable Bonds. The Administration has issued seven Series of taxable bonds under the Bond Resolution, originally in an aggregate principal amount of $310,000,000. Taxable bonds issued under the Resolution are equally and ratably secured on a parity basis with the Bonds. Taxable bond proceeds may be used to: (a) make or purchase Mortgage Loans, (b) purchase certain Loans meeting the eligibility requirements for the Administration’s tax-exempt loans except for the first-time homebuyer requirement in a non-targeted area, (c) purchase Loans that refinance loans with an adjustable rate or an increased payment, or loans otherwise not affordable to borrowers (“Refinance Loans”), where the borrower meets income limit requirements for the tax-exempt program and where the appraised value of the property does not exceed the purchase limits for the tax-exempt program, and (d) purchase certain other Loans that the Administration wishes to finance.

The 2007 Series F Bonds, 2007 Series J Bonds and 2007 Series M Bonds, each of which were originally issued as taxable bonds, have been re-offered and remarketed as tax-exempt bonds.

Interest Rate Swaps

The Administration has entered into four master swap agreements, one with JPMorgan Chase Bank, N.A. (“JPM”) (the “JPM Master Swap Agreement”), one with UBS AG (“UBS AG”) (the “UBS AG Master Swap Agreement”), one with Merrill Lynch Derivative Products AG (“MLDP”) (the “MLDP Master Swap Agreement”) and one with The Bank of New York Mellon (“BNYM”) (the “BNYM Master Swap Agreement” and together with the JPM Master Swap Agreement, the UBS AG Master Swap Agreement and the MLDP Master Swap Agreement, the “Master Swap Agreements”). Under the Master Swap Agreements, the Administration has entered into the interest rate swaps described below in order to attain a synthetic fixed rate with respect to the variable rate Bonds associated with such interest rate swaps. The summary below sets forth the major terms of these interest rate swap transactions as of December 31, 2011.

Interest Rate Swaps (In Thousands)							
Swap Provider	**Series of Bonds**	**Initial Notional Amount**	**Outstanding Notional Amount**	**Effective Date**	**Fixed Rate Paid by Administration**	**Variable Rate Received by Administration(1)**	**Termination Date**
JPM	2004 Series I	$20,000	$20,000	09/01/05	3.8525%	64% of LIBOR plus .29%	09/01/35(2)(7)
UBS AG	2006 Series G	$40,000	$40,000	05/24/06	4.4030%	64% of LIBOR plus .29%	09/01/40(3)
JPM	2006 Series J	$40,000	$40,000	07/13/06	4.4030%	64% of LIBOR plus .29%	09/01/40(3)(7)
JPM	2006 Series J	$20,000	$20,000	07/13/06	4.4550%	64% of LIBOR plus .29%	09/01/40(3)(7)
MLDP	2007 Series F	$46,485	$37,635	10/27/09	4.4300%	64% of LIBOR plus .22%	03/01/26(4)(6)(9)(12)
MLDP	2007 Series J	$58,680	$48,195	09/01/09	4.8350%	64% of LIBOR plus .22%	09/01/25(4)(6)(9)(10)
BNYM	2007 Series M	$26,990	$17,890	10/08/09	4.3350%	64% of LIBOR plus .22%	09/01/43(5)(6)(11)(13)
MLDP	2008 Series D	$50,000	$49,890	09/04/08	3.6880%	64% of LIBOR plus .31%	09/01/38(6)(8)(9)

(1) "LIBOR" means the 1 month London Interbank Offered Rate.
(2) The Administration 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. If the option is exercised in part, the applicable Notional Amounts shall be reduced pro rata.
(3) The Administration 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. If the option is exercised in part, the applicable Notional Amounts shall be reduced pro rata.
(4) The Administration 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. If the option is exercised in part, the applicable Notional Amounts shall be reduced pro rata.
(5) The Administration 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 thereafter until September 1, 2017. The Administration 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 and $1,425 effective September 1, 2011. The Administration 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; if the option is exercised in part, the Notional Amount shall be reduced pro rata.
(6) The outstanding notional amount reflects the amount that has been amortized as of September 1, 2011.
(7) On May 14, 2009, these swap agreements were assigned to JPMorgan Chase Bank, N.A. by Bear Stearns Financial Products Inc. All terms and conditions of the contracts remain in force.
(8) The Administration 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. If the option is exercised in part, the applicable Notional Amount shall be reduced pro rata.
(9) On January 1, 2009, Bank of America Corporation acquired Merrill Lynch & Co., Inc. Notwithstanding this acquisition, MLDP 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 Notional Amount of $26,990 was amended effective October 8, 2009 (refer to note 5). The Bank of New York Mellon replaced UBS AG as counterparty to the agreement on September 22, 2009.
(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 December 31, 2011, the Administration exercised its option and partially terminated the interest rate swap in the amount of $1,185 effective March 1, 2012.

Scheduled payments made to the Administration by the Swap Providers under the Master Swap Agreements shall constitute Hedge Receipts under the Bond Resolution and are pledged as security for the Bonds. The requirement to make scheduled payments to the Swap Providers by the Administration under the

Master Swap Agreements is entitled to the lien created by the pledge under the Bond Resolution and is therefore on a parity with the Bonds. The Administration's rights and obligations under the Master Swap Agreements do not alter the Administration's obligation to pay the principal of, premium, if any, and interest on the Bonds.

Under certain circumstances (including certain events of default with respect to the Administration or a Swap Provider), an interest rate swap pursuant to the Master Swap Agreements may be terminated in whole or in part prior to the maturity of the Bonds in connection with which the interest rate swap was entered into. Following any termination of an interest rate swap, either the Administration or a Swap Provider may owe a Termination Payment to the other party, depending upon market conditions. Under certain conditions, the Administration could owe a Termination Payment to a Swap Provider, which could be substantial. Such Termination Payment would be payable on a basis subordinate to the payment of principal of and interest on the Bonds, other than any Subordinate Bonds (the Administration, to date, has not issued Subordinate Bonds). The Administration has agreed with each Swap Provider that, for so long as the Administration owes a Termination Payment to such Swap Provider, it will not direct the Trustee to deposit "Excess Revenues" into the Redemption Account of the Redemption Fund for the purpose of redeeming Bonds. "Excess Revenues" for this purpose means Revenues in excess of amounts needed, or reasonably anticipated to be needed as shown in the Administration's most recent Cash Flow Statement, (1) to make payments of interest and principal, at maturity or mandatory redemption due on the Bonds, to pay expenses in connection with any Credit Facility relating to the Bonds or as specified by the Administration and to fund the Reserve Fund in an amount sufficient to cause the amount on deposit in the Reserve Fund to equal the Reserve Requirement; (2) to be applied to the redemption of Bonds or to make or finance mortgage loans or participations in mortgage loans that do not bear interest in order to maintain the tax-exempt status of the Bonds; and (3) to be applied to the redemption of Bonds pursuant to specific undertakings to Owners of Bonds of a Series in a Series Resolution. Notwithstanding the foregoing, the Administration is not required to apply Revenues to such a Termination Payment if such payment would prevent the Administration from filing an acceptable Cash Flow Statement with the Trustee pursuant to the Resolution.

The Master Swap Agreements each contain specific collateral requirements that are in effect with respect to the Administration and the respective Swap Provider. The swaps each require a specific collateral level based on the respective credit rating of each Swap Provider and the Administration, and the value of such swap. Generally, the value threshold levels decline as the credit ratings of each party decline.

TAX EXEMPTION AND RELATED CONSIDERATIONS

Federal Law

The proceeds from the 2008 Series D Bonds were used to finance Loans on Single Family Residences. The federal tax laws provide that interest on bonds issued for this purpose will be excluded from gross income for federal income tax purposes provided the bonds meet requirements set forth in various sections of the Internal Revenue Code of 1986, as amended (the "1986 Code"), principally Section 143 concerning qualified mortgage bonds. References herein to Section 143 and other provisions of the 1986 Code incorporate counterpart provisions of the Internal Revenue Code of 1954, as amended (the "1954 Code"), principally Section 103A of the 1954 Code, to the extent applicable to the 2008 Series D Bonds. Under Section 143, a qualified mortgage bond is a bond which is issued as part of an issue the proceeds of which are used to finance owner-occupied residences meeting certain requirements relating to loan eligibility, Targeted Areas, arbitrage and other matters.

The loan eligibility requirements of Section 143 applicable to the 2008 Series D Bonds are that (1) the residence on which the Mortgage Loan is made is a single family residence which is located in the State and can reasonably be expected to become the principal residence of the Borrower within a reasonable time after the Mortgage Loan is made; (2) except in certain limited circumstances, no part of the proceeds is to be used to acquire or replace any existing mortgage; (3) the acquisition cost (excluding usual and reasonable settlement or financing costs) of a property may not exceed a set percentage of the average area purchase price for residences in the area where the residence is located, which percentage depends on certain factors enumerated in Section 143; (4) with certain exceptions, the Borrower shall not have had a present ownership interest in his principal residence during the preceding three years; (5) with certain exceptions, the family income of the Borrower shall not exceed 115%, for families of three or more individuals, or 100%, for families of less than three individuals, of median gross income for the area in which the residence is located or the State, whichever is greater; and (6) the loan shall not be assumable unless the requirements of (1), (3), (4) and (5) above are met at the time of the assumption. An issue is treated as meeting the loan eligibility requirements of Section 143 if (1) the issuer in good faith attempted to meet all of the requirements before the loans were executed; (2) 95% or more of the proceeds of the issue used to finance loans was devoted to residences which met all such requirements at the time the loans were executed; and (3) any failure to comply with the loan eligibility requirements is corrected within a reasonable period after such failure is first discovered.

The 1986 Code imposes additional requirements to maintain the exclusion from gross income for federal income tax purposes of interest on the 2008 Series D Bonds. These requirements impose limits on the yield that the Administration may realize from Mortgage Loans, require arbitrage from investment income to be rebated to the Internal Revenue Service, limit the period during which Mortgage Loans may be originated, limit the size of reserve funds and the amount of proceeds that may be spent on costs of issuance, and require prepayments of the Mortgage Loans to be used for bond redemptions in certain circumstances. The Administration intends that Mortgage Loans financed with the proceeds of the 2008 Series D Bonds or applicable thereto will comply with such requirements. Pursuant to the 2008 Series D Resolution, the Administration covenanted, in substance, to take, or refrain from taking, action, as necessary to comply with such requirements, unless in the opinion of Bond Counsel, it is not necessary to comply with such requirements in order to assure the exclusion from gross income for federal income tax purposes of interest on the 2008 Series D Bonds.

The terms and conditions of the Program documents have been designed to meet the requirements of the 1986 Code. The Administration covenanted in the 2008 Series D Resolution to meet these requirements and to take all steps necessary to comply with these requirements, including, but not limited to, initiating and pursuing foreclosure proceedings with respect to ineligible Mortgage Loans if repurchase obligations are either unavailable or prove to be unenforceable for any reason, so long as any 2008 Series D Bonds issued to finance such Mortgage Loans are outstanding. See Appendix B – "THE PROGRAM – Eligible Mortgage Loans". Noncompliance with the requirements in the Program documents and the 2008 Series D Resolution would cause interest on the 2008 Series D Bonds to become includable in the gross income of the holders thereof retroactively to the date of issue and could adversely affect the price of the 2008 Series D Bonds in the secondary market.

Ballard Spahr LLP, Washington, D.C., Bond Counsel, delivered an opinion dated September 4, 2008 (the "Original Bond Counsel Opinion") that, assuming continuous compliance with certain covenants in the Bond Resolutions intended to assure compliance with the applicable provisions of the 1986 Code and with the procedures established by the Administration, (i) interest on the 2008 Series D Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2008 Series D Bonds, and (ii) interest on the 2008 Series D Bonds is an item of preference for purposes of calculating the federal individual or corporate alternative minimum taxes ("AMT"). Bond Counsel expressed no opinion regarding other federal tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2008 Series D Bonds. Interest on the 2008 Series D Bonds held by foreign corporations may be subject to the branch profits tax imposed by the 1986 Code.

The form of opinion delivered in connection with the Original Issuance Date is attached hereto as Appendix N. **Bond Counsel assumed no duty to update or supplement the Original Bond Counsel Opinion and no assurance is given that any facts, circumstances or changes that may adversely affect the tax exemption for the 2008 Series D Bonds have not occurred.**

In the opinion of Bond Counsel, under current law, the delivery of the Initial Standby Credit Facility and the conversion of the interest rate mode for the 2008 Series D Bonds from a Daily Rate to a Weekly Rate on the Remarketing Date, in and of itself, will not adversely affect the treatment of interest on the Bonds as excludable from gross income under the 1986 Code. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds. A form of Bond Counsel's opinion to be delivered on the Remarketing Date is attached hereto as Appendix O (the "Remarketing Bond Counsel Opinion"). In rendering its opinion, Bond Counsel has assumed the continued validity of the Original Bond Counsel Opinion and has made no independent investigation with respect thereto.

Ownership of the 2008 Series D Bonds may result in other federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits, certain S corporations and taxpayers who may be deemed to have incurred or continued debt to purchase or carry the 2008 Series D Bonds. Bond Counsel expressed no opinion as to these matters.

Payments of interest on tax-exempt obligations, including the 2008 Series D Bonds, are generally subject to IRS information reporting by the payor and "backup withholding" if the recipient has not furnished the payor with a completed Form W-9, certifying the recipient's tax identification number or basis for exemption. "Backup withholding" means that the payor will withhold tax from the interest payments at the backup withholding rate, currently 28%.

If an owner purchasing a 2008 Series D Bond through a brokerage account has executed a Form W-9 in connection with the account, as generally can be expected, there should be no backup withholding on the 2008 Series D Bond interest. In any event, backup withholding does not affect the excludability of the interest on the 2008 Series D Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

The above summary of possible indirect tax consequences may not be exhaustive. All purchasers of the 2008 Series D Bonds should consult their tax advisors regarding the possible federal income tax consequences of ownership of the 2008 Series D Bonds.

State and Local Tax Exemption

The Original Bond Counsel Opinion stated that the 2008 Series D Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized from their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State, or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes. Interest on the 2008 Series D Bonds may be subject to state or local income taxes in jurisdictions other than the State under applicable state or local tax laws. All purchasers of the 2008 Series D Bonds should consult their tax advisors regarding the tax status of the 2008 Series D Bonds in a particular state or local jurisdiction other than the State. **Bond Counsel assumed no duty to update or supplement the Original Bond Counsel Opinion and no assurance is given that any facts, circumstances or changes that may adversely affect the tax exemption for the 2008 Series D Bonds have not occurred.**

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2008 Series D Bonds or otherwise prevent holders of the 2008 Series D Bonds from realizing the full benefit of the tax exemption of interest on the 2008 Series D Bonds. Further, such proposals may impact the marketability or market value of the 2008 Series D Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2008 Series D Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2008 Series D Bonds would be impacted thereby. Under any of the forgoing circumstances, the Administration has no obligation to redeem or to increase the rate of interest paid on the 2008 Series D Bonds.

Purchasers of the 2008 Series D Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions referred to herein as to the treatment of interest on the 2008 Series D Bonds for federal income tax purposes are based upon laws, regulations, rulings and decisions in effect as of the Original Remarketing Date with respect to the Original Bond Counsel Opinion and as of the Remarketing Date with respect to the Remarketing Bond Counsel Opinion.

FINANCIAL STATEMENTS FOR THE PROGRAM

The financial statements for the years ended June 30, 2011 and June 30, 2010 of the Community Development Administration Residential Revenue Bonds (the "Fund") have been audited by Reznick Group, P.C. as described in the Independent Auditor's Report of Reznick Group, P.C. accompanying the financial statements in Appendix H to this Official Statement. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles generally accepted in the United States and audited in accordance with auditing standards generally accepted in the United States. Unaudited financial statements for the Residential Revenue Bonds of the Administration for the six-month period ending December 31, 2011, are also included in Appendix H to this Official Statement.

Under the terms of the Bond Resolution, the Administration may withdraw moneys and assets from the Bond Resolution at any time subject to certain limitations. See "SECURITY FOR THE BONDS–Cash Flow Statements and Certificates" herein.

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the remarketing of the 2008 Series D Bonds or in any way contesting or affecting the validity of the 2008 Series D Bonds, the Bond Resolutions or other proceedings of the Secretary taken with respect to the remarketing of the 2008 Series D Bonds, the Bonds, the Program, the pledge or application of any moneys under the Bond Resolutions, or the existence or powers of the Administration.

LEGAL MATTERS

Ballard Spahr LLP, Washington, D.C., Bond Counsel, delivered an opinion dated September 4, 2008 in connection with the remarketing of the 2008 Series D Bonds on the Original Issuance Date, the form of which is attached to this Remarketing Memorandum as Exhibit N. Bond Counsel assumed no duty to update or supplement their opinion and no assurance is given that any facts, circumstances or changes that may adversely affect the tax exemption for the 2008 Series D Bonds have not occurred. In connection with the remarketing of the 2008 Series D Bonds on the Remarketing Date, Bond Counsel is delivering an opinion the form of which is attached as Exhibit O. Certain legal matters pertaining to the Administration in connection with the remarketing will be passed upon by an Assistant Attorney General of the State and Counsel to the Department. Certain legal matters will be passed upon for the Remarketing Agent by its counsel, McGuireWoods LLP, Baltimore, Maryland.

LEGALITY FOR INVESTMENT

Under the Act, the 2008 Series D Bonds are securities in which all public officers and public units of the State and its political subdivisions and all State banks, trust companies, savings and loan associations, investment companies, and others carrying on a banking business, all insurance companies, insurance associations, and others carrying on an insurance business, all State personal representatives, guardians, trustees, and other fiduciaries and all other persons, may legally and properly invest funds, including capital in their control or belonging to them. The 2008 Series D Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any unit or political subdivision of the State for any purpose for which the deposit of bonds or other obligations of the State is authorized by law.

REMARKETING

The 2008 Series D Bonds are being remarketed by PNC Capital Markets LLC (the "Remarketing Agent"). Pursuant to the terms set forth in the Bond Resolutions and in the Remarketing Agreement dated as of June 1, 2012 (the "Remarketing Agreement") by and between the Remarketing Agent and the Administration, the Remarketing Agent has agreed, subject to certain conditions, to use its best efforts to remarket the 2008 Series D Bonds at a price equal to 100% of the principal amount thereof. The Remarketing Agent receives a fee for its services as Remarketing Agent as set forth in the Remarketing Agreement.

In the ordinary course of their business, the Remarketing Agent and its affiliates have engaged and may engage in the future in transactions with the Administration, including the provision of certain general financing, banking, investment banking and advisory services to the Administration.

RATINGS

Fitch Ratings ("Fitch") has assigned the rating of "AA+/F1" for the 2008 Series D Bonds and Moody's Investors Service ("Moody's") has assigned the rating of "Aa1/VMIG 1" for the 2008 Series D Bonds. Each rating reflects only the view of Fitch and Moody's, respectively, and an explanation of such rating may be obtained from the issuing rating agency. There is no assurance that such ratings will be maintained for any given period of time or that they will not be lowered or withdrawn entirely by the issuing rating agency, if, in its judgment, circumstances so warrant. A downward change in or withdrawal of a rating may have an adverse effect on the market price of the 2008 Series D Bonds. The Administration has no obligation or duty to provide Owners of the 2008 Series D Bonds with notice of any change in or withdrawal of a rating.

SECONDARY MARKET DISCLOSURE

The Administration has agreed, in accordance with the provisions of Rule 15c2-12 (the "Rule"), adopted by the Securities and Exchange Commission (the "Commission") under the Securities and Exchange Act of 1934, to provide to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format, within 120 days of the end of each fiscal year (which ends June 30), the following annual financial information and operating data:

(1) a copy of the annual financial statements of the Residential Revenue Bond Program financed with the Bonds prepared in accordance with generally accepted accounting principles and audited by a certified public accountant; and

(2) information regarding the status of the portfolio of Program Assets expected to be financed, and which are financed, with the proceeds of Bonds and the status of all Funds and Accounts held as security for the Bonds, which information shall be in a form generally provided by the Administration with respect to its existing single family program including:

(a) information concerning the existing Program Assets portfolio securing the Bonds;

(b) information concerning the status of available funds to finance Program Assets;

(c) information concerning any additional collateral or credit enhancements securing Program Assets or the Bonds;

(d) information concerning delinquencies and foreclosures of Program Assets; and

(e) information concerning Program Asset prepayments and Bond redemptions.

The Administration has reserved the right to modify from time to time the specific types of information provided and the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Administration; provided that the Administration has agreed that any such modification will be done in a manner consistent with the Rule. The Administration may, at its option, satisfy this obligation by providing an official statement for one or more Series of Bonds or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

The Administration has agreed to provide, in a timely manner, to the MSRB in an electronic format notice of the occurrence of any of the following events with respect to the 2008 Series D Bonds, if material:

i. principal and interest payment delinquencies,

ii. non-payment related defaults,

iii. unscheduled draws on debt service reserves reflecting financial difficulties,

iv. unscheduled draws on credit enhancements, if any, reflecting financial difficulties,

v. substitution of credit or liquidity providers, if any, or their failure to perform,

vi. adverse tax opinions or events affecting the tax-exempt status of the 2008 Series D Bonds,

vii. modifications to rights of Bondholders,

viii. bond calls,

ix. defeasances,

x. release, substitution, or sale of property securing repayment of the 2008 Series D Bonds, or

xi. rating changes.

In a timely manner, the Administration will give to the MSRB in an electronic format notice of any failure by the Administration to provide any information described in the first two paragraphs under this heading on or before the dates specified therein.

The Administration has reserved the right to terminate its obligation to provide financial information and notices of material events, as described above, if and when the Administration no longer remains an obligated person with respect to the 2008 Series D Bonds within the meaning of the Rule.

The Administration has agreed that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders of the 2008 Series D Bonds, and will be enforceable by any holder of 2008

Series D Bonds. Such holders' and beneficial owners' rights to enforce the provisions of this undertaking are limited to a right to obtain specific performance of the Administration's obligations with respect thereto. Any failure by the Administration to comply with the provisions of its undertaking will not be an event of default with respect to the Bonds, under the Bond Resolution or under the applicable Series Resolution.

The provisions of the undertaking with respect to the Rule described above may be amended, without the consent of the holders of the 2008 Series D Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date hereof.

MISCELLANEOUS

Summaries and Descriptions in Remarketing Memorandum

The summaries and explanation of, or references to, the Act, the program documents, the Bond Resolutions and the 2008 Series D Bonds included in this Remarketing Memorandum do not purport to be comprehensive or definitive; such summaries, references and descriptions are qualified in their entirety by reference to each such document, copies of which are on file at the offices of the Administration. The descriptions of the FHA insurance program, the VA mortgage guaranty program, the USDA/RD mortgage guarantee program, private mortgage insurance, and the MHF insurance program do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the applicable statutes and regulations; and the description of private mortgage insurance does not purport to be comprehensive or definitive and is qualified by reference to applicable insurance policies and other such applicable information.

Financial Advisor

Caine Mitter & Associates Incorporated and Strategic Solutions Center, LLC have served as co-financial advisors (together, the "Financial Advisor") to the Administration in connection with the remarketing of the 2008 Series D Bonds.

Selection and Compensation of Professionals

The Administration selects its independent auditor through a competitive process in accordance with State procurement law. Compensation of the auditor is not contingent on the remarketing of the 2008 Series D Bonds. The Financial Advisor is selected by the Administration through a competitive process in accordance with State procurement law. Compensation of the Financial Advisor is not contingent on the remarketing of the 2008 Series D Bonds. Bond Counsel was selected by the Office of the Attorney General of the State through a process of review of responses to a request for proposals. Compensation of Bond Counsel is not contingent on the remarketing of the 2008 Series D Bonds.

This Remarketing Memorandum is not to be construed as a contract or agreement between the Administration and the owners of any of the 2008 Series D Bonds.

The execution and delivery of this Remarketing Memorandum and the incorporation of the Appendices hereto by the Administration have been duly authorized by the Secretary of Housing and Community Development.

COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

By: /s/ Frank B. Coakley
Frank B. Coakley, Director

June 1, 2012

APPENDIX A

THE DEPARTMENT AND ADMINISTRATION

General Information

The Administration was created in 1970 as a division of the Department of Economic and Community Development to meet the shortage of adequate, safe and sanitary housing in the State, particularly for persons or families of limited incomes. Chapter 311 of the Acts of Maryland 1987, effective July 1, 1987, abolished the Department of Economic and Community Development, created the Department and assigned the Administration as an agency in the Division of Development Finance of the Department.

The Secretary of Housing and Community Development (the "Secretary") is the head of the Department and is appointed by the Governor with the advice and consent of the Senate. The Department consists of five divisions: the Division of Development Finance, the Division of Credit Assurance, the Division of Finance and Administration, the Division of Neighborhood Revitalization and the Division of Information Technology. A chart showing the organization of the Department, its divisions, and the Administration and the Maryland Housing Fund appears on page A-6 hereof.

The Division of Development Finance is the lending and bond issuing division of the Department, originating loans under the Department's various lending programs and providing underwriting services for loans to the Department and its other divisions and governmental units. In addition, the Administration, which is a governmental unit within the Division, performs initial compliance review and approval of Mortgage Loans submitted by Mortgage Lenders.

The Secretary, with the approval of the Governor, appoints the Director of the Administration. The Director of the Administration, with the approval of the Secretary, appoints the Deputy Directors of the Administration and the other senior staff members of the Administration. The Act established a Housing Finance Review Committee (the "Review Committee") which has the responsibility to review and to give recommendations to the Secretary regarding loans or categories of loans and the investment and project financing policies of the Administration. The Review Committee consists of seven members appointed by the Governor, including three members of the public, three members of the Department and one member of the Executive Branch not employed by the Department. When urgent action is required, the Secretary may approve a specific loan request without receiving the recommendation of the Review Committee.

The Division of Credit Assurance, the insuring division of the Department, provides certain asset management, monitoring and workout related services to the Department and its divisions and governmental units, including the Administration. The Maryland Housing Fund ("MHF") is a governmental unit of the Department assigned to the Division of Credit Assurance.

The Division of Finance and Administration provides budget, accounting, auditing and administrative services to the Department. In addition, the Administration has a finance office which handles finance and accounting for lending and bond activities and insurance activities. The Administration's finance office reports directly to the Director of the Administration. MHF's finance function is a part of the Division of Finance and Administration.

The Division of Information Technology develops and maintains information systems and trains Departmental staff in the use of computer resources.

The Department has a Revenue Bond Advisory Board (the "Board") that provides independent advice and expertise to the Department with respect to issuance of revenue bonds, including the Bonds. The Board consists of seven members appointed by the Secretary, including the Deputy Secretary (who chairs the Board), one other representative of the Department, two representatives from other executive branch agencies of State government (one from an agency which issues revenue bonds), one representative from the State Treasurer's Office, and two members of the public. The Board reviews and makes recommendations to the Secretary with respect to each issuance of bonds. The Secretary has the final authority to approve each issuance after receipt of the Board's recommendation. When urgent action is required, the Secretary may approve an issuance of bonds without action by the Board or may vary the terms of the Board's recommendation. In addition, the Board advises the Department on procedures for issuing bonds and on selection and performance of financial advisors and underwriters.

The Administration pays all costs and expenses of operating its programs from earnings received from its programs financed by bond indentures of the Administration in excess of the amounts required to pay principal of and interest on its bonds and notes.

The office of the Administration is located at 100 Community Place, Crownsville, Maryland 21032. Inquiries for documents or concerning this Official Statement should be directed to CDA Bonds - Investor Relations at (410) 514-7326 or by e-mail at cda_bonds@mdhousing.org.

Principal Executive Officers

Certain principal executive officers of the Department and the Administration are briefly described below.

Raymond A. Skinner was appointed by the Governor as Secretary of the Department effective February 12, 2007. From January, 2003 until his current appointment as Secretary, Mr. Skinner was President of The Skinner Group, LLC, a consulting firm providing services in housing policy analysis, community revitalization, and economic development. Mr. Skinner previously served as Secretary of the Department between December, 1998 and January, 2003, and as Deputy Secretary from January, 1995 until his earlier appointment as Secretary. From January, 1991, until his appointment as Deputy Secretary, Mr. Skinner served as the Director of the Department of Housing and Community Development of Prince George's County, Maryland, and as Executive Secretary to the Board of Commissioners of the Housing Authority of Prince George's County. Previously, he was the Executive Director of the District of Columbia Office of Business and Economic Development. In all, Mr. Skinner has over 30 years of experience in housing and community development, having held positions with the Department of Housing and Urban Development, the City of Philadelphia, Pennsylvania, and the City of Baltimore, Maryland. He holds a Bachelor of Science Degree from the Pennsylvania State University and a Master of City Planning degree from the University of Pennsylvania.

Clarence J. Snuggs was appointed by the Secretary with the approval of the Governor effective March 26, 2007 as Deputy Secretary of the Department. Since 2003, Mr. Snuggs served as Director of Enterprise Community Partners' Baltimore office. In that capacity he had overall responsibility for operating the office and its programs, which focused on affordable housing production, capacity building for local community leaders and community-based organizations, public education system reforms and other community development initiatives. Between 1998 and 2003, Mr. Snuggs was Deputy Executive Director and Corporate Treasurer for the congressionally chartered Neighborhood Reinvestment Corporation in Washington, D.C. Prior to Neighborhood Reinvestment, Mr. Snuggs served as Vice President for Community Lending at Maryland National Bank and Signet Bank. Mr. Snuggs has been active in affordable housing and community development for nearly 20 years through his leadership and involvement in a host of regional and local community and civic organizations. He holds a Bachelor of Arts degree from Winston-Salem State University and an MBA degree from Howard University.

Stephen D. Silver was appointed on August 26, 2009 as Chief Financial Officer of the Department. From September, 2007 to his recent appointment, Mr. Silver served as Vice President of Finance for a private Baltimore real estate development firm. From November, 1983 to September, 2007, Mr. Silver served in various financial capacities at the Department, including Chief Financial Officer of the Department, the Administration and the Maryland Housing Fund; Director of the Department's Division of Finance and Administration; Director of Accounting for the Division of Finance and Administration, and Director of Finance for the MHF. Prior to joining the Department, Mr. Silver worked briefly with a public accounting firm in Baltimore, Maryland. Mr. Silver is a Certified Public Accountant, was granted a B.S. degree in accounting from Towson University in 1980 and received his M.B.A. degree from the University of Baltimore in 1991.

Frank B. Coakley was appointed by the Secretary with the approval of the Governor effective March 26, 2007 as Assistant Secretary of the Department responsible for the Administration and as Director of the Administration. He also previously served as Assistant Secretary and Director of the Administration between 1995 and 2000. Before his recent appointment, Mr. Coakley was Senior Vice President/Branch Administration for Harbor Bank of Maryland. Prior to joining Harbor Bank, Mr. Coakley was the Director of Fannie Mae's Baltimore Partnership office. From 1989 until joining the Administration in 1995, Mr. Coakley served as Executive Vice President of the Baltimore Community Development Financing Corporation. Previously, he served as a manager and Vice President of Maryland National Bank. Mr. Coakley is a graduate of Morgan State University and served as a Loaned Executive to Morgan State University as a Senior Advisor assisting the Community Development office on housing and housing related projects.

Roy A. Westlund was appointed Deputy Director, Bond Finance, for the Administration, effective as of January 1, 1996. For the previous seven years, he served as the Administration's Director of Finance. Mr. Westlund has been active in the field of housing finance since 1980, including serving as Manager of Financial Operations for the Wisconsin Housing and Economic Development Authority. Mr. Westlund is a Certified Public Accountant and holds a B.B.A. degree from the University of Wisconsin, Madison.

William F. Ariano, Jr. was appointed by the Secretary with the approval of the Governor effective July 5, 2007 as Deputy Director, Community Development, for the Administration. He previously served as Vice-President of Residential and Consumer Lending and CRA Officer at Chesapeake Bank of Maryland. He served in that capacity at several Baltimore community banks and his responsibilities included secondary marketing, underwriting, and the management of staff for origination, closing, sales and post closing of various first lien mortgage products. Prior to his employment in the private sector, he directed a quasi-public agency for the City of Baltimore which developed, constructed and managed rental and for-sale housing for families with low to moderate incomes, and directed a community based development corporation. Mr. Ariano holds a Bachelor of Science from Mount Saint Mary's University and an MBA degree from Loyola University (Baltimore).

Senior Staff of the Administration

Senior staff members of the Administration are as follows:

Name	Position
Tonna Phelps	Director, Single Family Housing
Patricia R. Sylvester	Director, Multi-Family Housing
Teresa R. Smith	Director, Finance

As of March 31, 2012, the staff of the Administration consists of approximately 133 positions and an additional 22 vacancies, including professional and technical staff members with responsibilities in the fields of finance, mortgage loan underwriting, architectural review, construction inspection, rental services and administration. Of the entire staff, 47 are currently involved in Single Family Housing Programs in a professional or technical capacity. Certain information relating to the senior staff who have primary responsibilities for Finance and for Single Family Housing is briefly described below.

Tonna Phelps was appointed Director of Single Family Housing, effective August 11, 2003, having served as Acting Director since January 2003. Ms. Phelps has been with the Administration since 1977. For the ten years preceding her appointment as Acting Director, she was the Administrator for Development Assistance Programs under the Administration's Multifamily Programs, managing federal HOME funds, the Maryland Affordable Housing Trust, and other federal and State programs. She has also served as Administrator for Mortgage Purchase under Single Family Housing. In addition, Ms. Phelps currently represents the Administration on various interagency committees throughout State government. Ms. Phelps holds a B.S. in Business Administration from the University of Baltimore.

Patricia Ryan Sylvester, Director, Multi-Family Housing has been with the Department since October 1997. She served as Deputy Director of Multifamily Housing - Housing Development Programs from September 1999 until her appointment as Director of Single Family Housing in August 2002. She returned to Multifamily Housing as Director in January 2003. Prior to joining the Department she worked as an attorney with the Maryland General Assembly and served as an administrative law judge. Ms. Sylvester holds a J.D. from the University of Maryland Law School and a B.A. from Johns Hopkins University.

Teresa Renee Smith was appointed Director, CDA Finance, effective March 23, 2011 having served as Acting Director since October 2010. For the fourteen months preceding her appointment as Acting Director, Ms. Smith was the Deputy Director of CDA Finance. From August 2006 to August 2009, Ms. Smith was the Portfolio Research and SEC Compliance Officer for an Annapolis financial planning firm. From July 2004 to August 2006, she served the Department in the CDA Finance division as a Senior Financial Analyst. Prior to joining the Department in 2004, Ms. Smith worked briefly for the Baltimore Housing finance division and in other various financial management and investment capacities. Ms. Smith holds a B.B.A. in Finance from the University of Hawaii and an M.B.A. from Cameron University in Oklahoma.

Other Housing Programs of the Department

In addition to the Residential Revenue Program which is financed with the proceeds of Bonds (see Appendix B – "THE PROGRAM"), and the single family program financed with the proceeds of bonds issued under the New Issue Bond Program, the staff of the Administration also is responsible for a broad range of other housing programs operated by the Department. Proceeds of Bonds and other funds held under the Bond Resolution are not used to support the Department's other programs. Revenues generated by such other programs are not subject to the lien of the Bond Resolution or available to secure the payment of principal of or interest on the Bonds. However, the executive officers of the Department and the Administration and certain senior staff members who are responsible for the Program also are responsible for the Department's other programs; therefore, under certain circumstances these other programs may compete with the Program for administrative and policy priority.

Single Family Housing. Single Family Housing includes the Department's Homeownership Programs and Special Loan Programs. The Administration's Single Family Housing staff operates the Department's Homeownership Programs that are funded with State appropriations. These state-funded programs, which may or may not be funded at varying levels from year to year, currently provide low-interest mortgages to low- to moderate-income home buyers. In addition, the Department may have funding available from time to time for a Downpayment and Settlement Expense Loan Program for loans to eligible borrowers who are also receiving loans under the Program. Finally, Single Family Housing also administers a federally-funded weatherization assistance program and the federally-funded HOME Program, as well as providing administrative management for the Maryland Affordable Housing Trust.

The Special Loan Programs, which are funded with State appropriations, provide rehabilitation loans for general rehabilitation, installation of indoor plumbing, abatement of asbestos and radon gas, reduction of lead paint, and creation of accessory shared and sheltered housing for low and moderate income households. Federal HOME funds may also be used to finance rehabilitation loans for low income homeowners. These programs also provide loans to nonprofit organizations and individuals to purchase or construct group homes for low-income persons with special needs; group homes are funded with state appropriations, and are also funded from bonds issued under the Administration's Housing Revenue Bonds resolution.

The Administration is also involved in the pooling of mortgage loans in exchange for GNMA Certificates and the sale of such GNMA Certificates in the capital markets.

New Issue Bond Program. On January 12, 2010, the Administration issued $154,290,000 of Single Family Housing Revenue Bonds (the "NIBP Bonds"). The NIBP Bonds were issued pursuant to the Single Family Housing Revenue Bond Resolution providing for the issuance of Single Family Housing Revenue Bonds, as supplemented and amended by the Series Resolution Providing for the Issuance and Sale of Single Family Housing Revenue Bonds 2009 Series A, as amended (together, the "NIBP Bond Resolution"), each adopted by the Administration as of December 1, 2009. The NIBP Bonds were placed pursuant to the New Issue Bond Program of the Housing Finance Agency Initiative announced October 19, 2009 (the "NIBP") by the United States Department of the Treasury (the "Treasury"). Under the NIBP, proceeds of the NIBP Bonds initially were credited to an escrow fund and held pursuant to the NIBP (the "NIBP Escrow Fund"). In order to release the NIBP Proceeds from the NIBP Escrow Fund the Administration reissued corresponding portions of NIBP Bonds as three series of tax-exempt bonds designated as Single Family Housing Revenue Bonds with the respective series designations of 2009 Series A-1, 2009 Series A-2 and 2009 Series A-3 (together, the "NIBP Program Bonds") in the aggregate principal amount of $154,290,000. In conjunction with the reissuance of the NIBP Program Bonds, the Administration caused to be issued three additional series of bonds under the NIBP Resolution designated as Single Family Housing Revenue Bonds with the respective series designations of 2011 Series A, 2011 Series B and 2011 Series C (together, the "NIBP Market Bonds") in the aggregate principal amount of $102,865,000. Proceeds of the NIBP Program Bonds and the NIBP Market Bonds were used to purchase mortgage loan pass-through certificates ("GNMA Certificates") guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA").

All of the NIBP Proceeds have been released from the NIBP Escrow Fund. The Administration does not currently anticipate issuing any new series of bonds under the NIBP Bond Resolution, but may do so in the future.

NIBP Bonds issued under the NIBP Resolution are not secured by or payable from the loans or assets of the Bond Resolution. The Bonds are not secured or payable from any loans or other assets held under the NIBP Resolution.

Multi-Family Housing. Multi-Family Housing includes the Department's Housing Production Programs and Rental Service Programs. The Department's Housing Production Programs encompass a number of finance programs which support the production, rehabilitation and preservation of affordable rental housing, including the following:

The Administration's multi-family housing revenue bond program provides financing for development of rental developments whose owners are required to set aside certain percentages of available units for families of low or moderate income.

The Rental Housing Fund consists of rental housing finance programs funded with State appropriations and federal HOME funds which provide low-interest mortgages with flexible repayment terms, interest rate write-downs and operating subsidies to increase the supply of new rental housing and to maintain and rehabilitate existing rental housing for low income elderly and family tenants.

The Partnership Rental Housing Program provides funding from general obligation bonds and potentially other state appropriations to local governments, housing authorities, and partnerships in which these entities are involved, to assist in financing the construction or rehabilitation of low income housing. The public entities provide the land and participate in the ownership and management of the properties. The properties are intended to remain low income housing in perpetuity, and the State moneys are required to be repaid only if the low income requirements are not enforced.

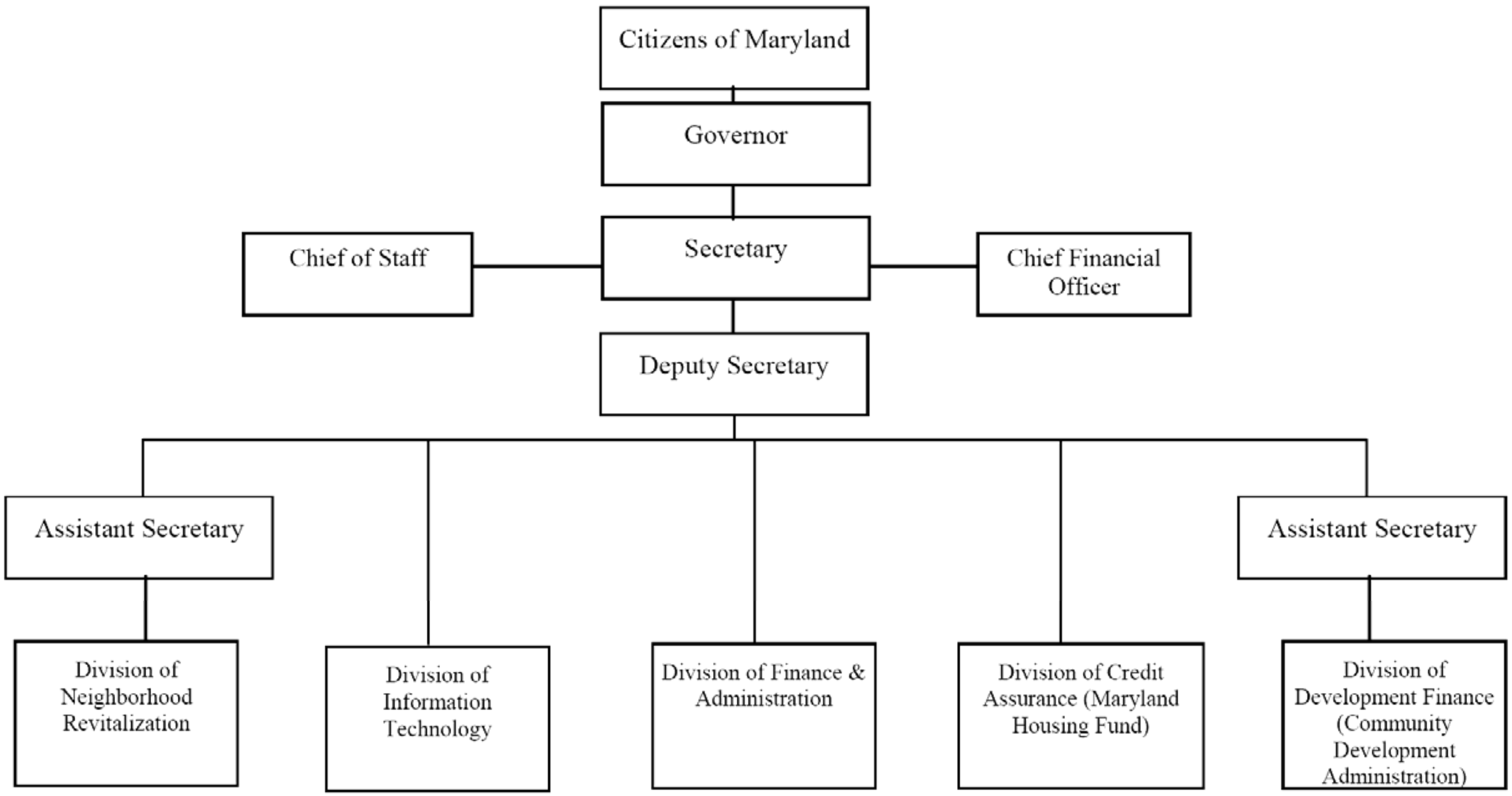
The Department's Rental Service Programs include the Rental Assistance Programs and the Project-Based Section 8 Contract Administration. Under the Rental Assistance Programs, the Administration administers the rental subsidies provided under Section 8 of the United States Housing Act of 1937, as amended, in 29 subdivisions of the State. The housing subsidy staff also administers a Rental Allowance Program, which is funded with State appropriations. This program is administered through local governments and provides fixed monthly rental assistance payments for up to twelve months, subject to extension by the Secretary, to lower-income households that cannot be served by federal or other state programs and are either homeless or have critical and emergency housing needs.

The Department serves as the HUD Contract Administrator for Project-Based Section 8 Housing Assistance Payment ("HAP") Contracts for the State of Maryland. As Contract Administrator, the Department makes payments to each property owner with the terms of the HAP Contracts and HUD regulations and requirements.

Infrastructure Financing Programs

The Infrastructure Financing Program was created to provide an additional, accessible and uncomplicated mechanism to finance the essential physical elements that constitute the basis of the public service system operated and maintained by local governments. More information on the Administration's outstanding infrastructure bonds can be found in Appendix E. These infrastructure loans and the assets and revenues held under these bond and series resolutions are not subject to the lien of the Bond Resolution and are not available to pay principal of or interest on the Bonds.

Department of Housing and Community Development
Organizational Chart



This chart omits subdivisions below the divisional level except for the Maryland Housing Fund and the Community Development Administration. It also omits certain boards and commissions associated with the Department.

APPENDIX B

THE PROGRAM

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

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

Information provided in this Appendix B with respect to the Residential Revenue Bond Program is derived from the Administration's statistics which are compiled from different sources on a weekly, monthly, and quarterly basis and later revised as necessary.

Existing Portfolio and Available Funds Under the Bond Resolution

Existing Portfolio. As of December 31, 2011, the Mortgage Loan portfolio of the Administration under the Bond Resolution consisted of 15,459 Mortgage Loans with an aggregate principal amount outstanding of $1,980,654,456.

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

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

Status of Available Proceeds.

Residential Revenue Bond Program
Status of Available Proceeds (in thousands)[1]
as of December 31, 2012

Source of Funds	Date of Issuance	Original Proceeds Available for Mortgage Loans	Loans Purchased(2)	Amount Available for Commitments and Reservations(4)
2009 A	09/24/2009	$39,216	$33,220	$7,585
2009 B	10/08/2009	44,118	37,316	9,620
2009 C	10/27/2009	15,672	8,417	7,805
Total All Series		$99,006	$78,953	$25,010

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

(2) In the context of this chart, Loans Purchased includes loan origination fees paid to the Originating Lenders and de minimus amounts of remaining proceeds transferred or to be transferred to corresponding revenue accounts.

(3) The Administration expects that a certain percentage of applicants receiving reservations will not proceed to funding. Therefore, the Administration may accept reservations in an amount exceeding the funds available. To the extent necessary because of over-reservations or for other reasons, loans may be purchased into other series in a manner consistent with federal law. At December 31, 2011, there were no outstanding reservations and commitments.

(4) These unexpended funds include bond proceeds that must be used to blend 0% funds with other bond proceeds.

As stated above, the Administration has been financing new loans for its single family program primarily under the NIBP Resolution.

Certain Information on Loan Type. See Appendix L for certain information on Mortgage Loans by bond series and loan type (including participations in Mortgage Loans).The following table sets forth additional information as of December 31, 2011.

	Original Number of Loans	**Original Principal Amount**	**Number of Outstanding Loans**	**Outstanding Principal Balance**
30 Year Amortization	23,695	$ 2,656,099,999	13,279	$ 1,504,966,526
40 Year Amortization	689	145,574,562	571	115,704,654
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization*	184	41,335,376	82	18,406,598
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization*	2,581	565,401,450	1,246	274,991,437
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization*	598	142,204,219	281	66,585,241
	27,747	$ 3,550,615,606	15,459	$ 1,980,654,456

*Note: As of December 31, 2011, 1,034 loans that were originally interest only, with a current principal balance of $221,839,164, are amortizing and are reflected in the respective 30 Year and 40 Year amortization amounts above.

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

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

Eligible Mortgage Loans

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

Purchase Price Limitations. The federal tax law and the Act place limits on the maximum purchase price of a residence financed with a Mortgage Loan. The maximum purchase price permitted under the federal tax law may vary from county to county, and currently ranges from $299,620 for homes in Non-Targeted areas of Wicomico County to $812,886 for homes in Targeted Areas of the Washington, D.C. metropolitan statistical area. In addition, FHA maximum mortgage amounts vary from county to county; range from $271,050 for Allegany, Caroline and Dorchester Counties, to $729,750 for the Washington, D.C. metropolitan statistical area, which includes Calvert, Charles, Frederick, Montgomery and Prince Georges. In certain counties, the insurer's or guarantor's maximum mortgage amounts may be less or more than the maximum purchase prices permitted under federal tax law. The maximum purchase price of a residence financed by the Administration may not exceed the lesser of either the insurer's or guarantor's mortgage limit or the maximum purchase price established by federal tax law. Lower purchase price limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum purchase price limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through Homeownership Initiatives.

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

Borrower Income Limitations. The federal tax law and the Act place limits on maximum annual income of Borrowers eligible to receive Mortgage Loans. From time to time the Secretary may determine income limits other than those that are generally applicable (subject to the limits imposed by Section 143). In addition, the insurer or guarantor may have maximum income limits that may differ from the limits imposed by federal law or the Act. The maximum income limit permitted under the federal tax law, which is adjusted for household size, may vary from county to county, and currently ranges from $89,300 for a one or two-person household in certain non-Targeted Areas of the State to $150,500 for a three-person or larger household in the Washington, D.C. metropolitan statistical area. The maximum annual household income of Borrowers eligible to receive Mortgage Loans may not exceed the lesser of the maximum income limits permitted under federal tax law or by the mortgage insurer or guarantor. Lower income limits may apply to certain Mortgage Loans made available at interest rates that are lower than those generally available or for other programmatic reasons. In addition, maximum income limits may be set lower for Mortgage Loans to be financed in particular community development projects of Single Family Residences or through Homeownership Initiatives.

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

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

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

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

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

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

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

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

Remedies for Non-compliance. Mortgage Loans will provide that if the Administration discovers that any of the Borrower's covenants in the deed of trust, including the Borrower's and the seller's certifications concerning eligibility for the loan, is untrue or incomplete, the Administration may require that the Mortgage Loan become immediately due and payable.

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

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

Loans Financed from Taxable Bonds

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

Mortgage Loans Purchased from Mortgage Lenders

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

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

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

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

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

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

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

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

From January, 1998 through December 31, 2011, fifty Mortgage Loans had been repurchased by the Mortgage Lender or servicer as required by the Administration. Five repurchase demands remain outstanding as of December 31, 2011.

Mortgage-Backed Securities

Effective as of February 1, 2011, newly originated Mortgage Loans insured by FHA or guaranteed by VA or RHS generally have been purchased and securitized into mortgage-backed securities guaranteed by GNMA ("the "Mortgage-Backed Securities"). U.S. Bank, National Association, a GNMA approved master servicer, purchases, securitizes and services such Mortgage Loans pursuant to a Servicing Agreement between the Administration and U.S. Bank National Association. No assurance can be provided, however, that the Administration will continue to cause such Mortgage Loans to be securitized into Mortgage-Backed Securities. Proceeds of the 2008 Series D Bonds were not used to purchase Mortgaged- Backed Securities.

Homeownership Initiatives and Developer Reservations

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

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

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

For developers who arrange for Mortgage Loan financing of individual Mortgage Loans through approved Mortgage Lenders, the Administration will purchase Mortgage Loans for Single Family Residences either in accordance with a Purchase Commitment or pursuant to a reservation initiated by the Mortgage Lender on behalf of the borrower.

Mortgage Loans Made by the Administration

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

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

Servicing of Mortgage Loans

Whole Loan Servicer Agreement. As of December 31, 2011, approximately 50% of the Mortgage Loans are serviced by Bogman, Inc., and 50% of the Mortgage Loans are serviced by M & T Bank (together referred to herein as the "Whole Loan Servicers").

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

If any default occurs on a Mortgage Loan covered by the Whole Loan Servicer Agreements, the Whole Loan Servicers must take all actions necessary and proper to enforce all applicable contractual provisions of the defaulted Mortgage Loan, including, at the direction of the Administration, the institution of foreclosure proceedings. The Administration will bear all foreclosure and related expenses, to the extent not reimbursable by the applicable mortgage insurance or collected from the Borrower. The failure of a Whole

Loan Servicer to send notice properly and report to the Administration or the insurer of a Mortgage Loan as to the status of a delinquent Mortgage Loan may result in a Whole Loan Servicer being required to compensate the Administration.

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

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

With respect to the Mortgage Loans, Asset Management:

(1) monitors the servicing performance of the Whole Loan Servicers for compliance with the requirements of the Whole Loan Servicer Agreements and the Department's servicing manual by requiring from the Whole Loan Servicers:

(a) monthly Mortgage Loan delinquency reports;

(b) annual audited financial statements; and

(c) an annual certification that the respective Whole Loan Servicer is complying with the Servicer Agreement and the Department's servicing manual;

(2) directs and reviews respective Whole Loan Servicer's handling of Mortgage Loan delinquencies;

(3) directs and evaluates respective Whole Loan Servicer's actions in connection with foreclosure proceedings; and

(4) analyzes delinquencies and foreclosures and creates and implements corrective action plans.

The Division of Credit Assurance contracts with a private sector realty company which provides REO management and disposition services for properties in the REO portfolio. Asset Management staff monitors these services.

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

Loan Modifications

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

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

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

Estimated Revenues of Program

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

Certain Information Relating to Mortgage Loans

Certain information relating to the Mortgage Loans (including participations in Mortgage Loans) made or purchased with proceeds of prior Series of Bonds as of December 31, 2011, is set forth in Appendix K.

The following table sets forth as of December 31, 2011, the number, outstanding principal balance and percentage of the total outstanding balance of the Mortgage Loans which have been financed in each of the political subdivisions of the State:

RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY COUNTY

as of December 31, 2011 (1)

County	Current Number of Mortgage Loans	Current Outstanding Principal (1)	Percent of Current Total Outstanding Principal (1)
Allegany County	354	$21,672,828	1.09%
Anne Arundel County	732	129,837,220	6.56%
Baltimore City	5,813	526,444,482	26.58%
Baltimore County	2,659	351,045,326	17.72%
Calvert County	108	22,753,424	1.15%
Caroline County	119	12,369,379	0.62%
Carroll County	164	33,572,840	1.70%
Cecil County	127	16,372,049	0.83%
Charles County	312	69,089,039	3.49%
Dorchester County	109	11,578,887	0.58%
Frederick County	383	72,507,386	3.66%
Garrett County	20	1,671,051	0.08%
Harford County	840	125,691,963	6.35%
Howard County	228	43,042,869	2.17%
Kent County	37	3,838,106	0.19%
Montgomery County	273	55,751,246	2.81%
Prince George's County	1,585	295,976,726	14.94%
Queen Anne's County	42	7,997,612	0.40%
Saint Mary's County	115	19,605,511	0.99%
Somerset County	93	8,984,333	0.45%
Talbot County	60	6,674,832	0.34%
Washington County	652	75,222,023	3.80%
Wicomico County	543	60,837,431	3.07%
Worcester County	91	8,117,895	0.41%
	15,459	$1,980,654,456	100.00%

Note:

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

As of December 31, 2011 the Mortgage Loans (including participations in Mortgage Loans) made or purchased by the Administration with proceeds of prior Series of Bonds were originally covered by primary mortgage insurance or guarantees as of the date of the origination thereof as follows:

Primary Mortgage Insurer or Guarantor	Current Number of Mortgage Loans		Current Outstanding Principal (1)	Percent of Current Total Outstanding Principal (1)
FHA	**7,244**	**$**	**760,760,244**	**38.41%**
VA	**359**		**45,201,351**	**2.28%**
RHS	**277**		**38,741,712**	**1.96%**
All Privately Insured[2]	**4,752**		**951,369,837**	**48.03%**
Mortgage Guaranty Insurance Corporation	2,265		470,245,395	49.43% [3]
Republic Mortgage Insurance Company	787		157,185,028	16.52% [3]
United Guaranty Residential Insurance Company	1,127		209,659,760	22.04% [3]
PMI Mortgage Insurance Company	237		45,252,601	4.76% [3]
Genworth Financial	167		35,521,472	3.73% [3]
Triad Guaranty Insurance Corporation	61		11,442,451	1.20% [3]
Radian Guaranty, Incorporated	108		22,063,131	2.32% [3]
MHF	**2,358**		**146,029,829**	**7.37%**
Uninsured Paid Down (current loan to value ratio of less than 80%)	**214**		**5,649,319**	**0.29%**
Uninsured (original loan to value ratio of more than 80%)	**8**		**1,854,164**	**0.09%**
Uninsured (original loan to value ratio of less than 80%)	**247**		**31,047,999**	**1.57%**
	15,459	**$**	**1,980,654,456**	**100.00%**

Note:

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

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

	National Delinquency Survey (defined as a percentage)			Residential Revenue Bond Program (1)(2)(4)
	U.S.A. All Types 12/31/2011	Maryland All Types 12/31/2011	Maryland FHA (3) 12/31/2011	Program 12/31/2011
30 days delinquent	3.43%	3.57%	5.89%	8.69%
60 days delinquent	1.37%	1.48%	2.56%	3.50%
90 days+ delinquent	3.35%	4.64%	6.85%	5.96%
In foreclosure	4.38%	3.99%	3.35%	2.72%
Placed in foreclosure during last three months	0.99%	0.80%	0.82%	1.57%

	Mortgages Sixty Days or More Delinquent or in Foreclosure			
Quarter Ended	U.S.A. All Types	Maryland All Types	Maryland FHA (3)	Program (1)(2) 12/31/2011
12/31/2007	4.89%	3.68%	6.62%	3.86%
12/31/2008	8.08%	7.28%	9.04%	6.92%
12/31/2009	11.40%	11.01%	11.93%	10.98%
12/31/2010	10.06%	9.92%	11.42%	12.19%
12/31/2011	9.10%	10.11%	12.76%	12.18%

(1) The delinquency statistics in the tables above include all whole loans financed entirely from the Bond Resolution.

(2) The Program purchased the first Mortgage Loan on October 29, 1997.

(3) Includes all types of FHA mortgage loans.

(4) Program delinquency rates do not include mortgage loans residing in Collateral Reserves (C) or the Administration's refinanced (Lifeline/Homesaver) loans.

[THIS PAGE LEFT INTENTIONALLY BLANK]

APPENDIX C

DEFINITIONS

"Acquired Development" means a Development constructed, owned, operated or administered by reason of the Administration's obtaining title, possession or effective control thereof when the Mortgage with respect thereto is in default under its terms.

"Acquired Development Expense Requirement" means such amount of money as may, from time to time, by resolution of the Administration, with the approval of the Secretary of Housing and Community Development, be determined to be necessary for the payment or as a reserve for the payment of any costs and expenses incurred in connection with the operation or ownership of an Acquired Development.

"Acquired Development Expenses" means any and all costs and expenses incurred in connection with the operation or ownership of an Acquired Development as the Administration determines from time to time to be necessary and appropriate in carrying out the rights and duties of the Administration under the Bond Resolution with respect to an Acquired Development.

"Act" means Sections 4-101 to 4-255, inclusive, of the Housing and Community Development Article of the Annotated Code of Maryland, as amended from time to time, including, without limitation, future amendments or successor laws thereto.

"Additional Bonds" means bonds issued under the Bond Resolution other than Prior Bonds.

"Administration" means the Community Development Administration, an agency in the Division of Development Finance of the Department of Housing and Community Development, a principal department of the government of the State of Maryland, and any successor entity thereto.

"Administration Request" means a written request or direction of the Administration signed by an Authorized Officer.

"Amortized Value" means the purchase price of securities, excluding accrued interest, plus an amortization of any discount or less an amortization of any premium on the purchase price.

"Authorized Officer" means the Secretary of Housing and Community Development, the Deputy Secretary of Housing and Community Development, the Director of the Administration, a Deputy Director of the Administration, any Director of any program or division of the Administration or any other person duly authorized by the Secretary of Housing and Community Development to perform such act or discharge such duty.

"Bond" or "Bonds" means any Bond or Bonds issued pursuant to the Bond Resolution.

"Bond Resolution" means the Residential Revenue Bond Resolution, originally adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005.

"Bond Year" means the year which begins on March 2 of any year during which Bonds are outstanding and ends on March 1 of the next succeeding year.

"Borrower" means the obligor under a Loan, which may include the Administration.

"Cash Equivalent" means a letter of credit, insurance policy, surety, guarantee or other security arrangement upon which the Administration or Trustee may make a draw to provide funds as needed for any other Fund or Account or to provide Credit Enhancement or for any other purpose.

"Cash Flow Certificate" means the calculation made by or for the Administration pursuant to Section 608I of the Bond Resolution.

"Cash Flow Statement" means the calculation made by or for the Administration pursuant to Section 608(c) of the Bond Resolution.

"Certificate" means a signed document either attesting to or acknowledging the circumstances, representations or other matters stated in it or setting forth matters to be determined pursuant to the Bond Resolution or a Series Resolution.

"Code" or "1986 Code" means applicable provisions of the Internal Revenue Code of 1986, as amended, and the applicable regulations under it, or predecessor or successor provisions, as applicable.

"Collateral Reserve Fund" means the fund so designated which is established by Section 401 of the Bond Resolution.

"Costs of Issuance" means items of expense payable or reimbursable directly or indirectly by the Administration and related to the authorization, sale, issuance and remarketing of the Bonds.

"Credit Enhancement" means any credit enhancement, insurance, guaranty, Cash Equivalent, risk-sharing arrangement or any other form of credit support for one or more Program Assets (or any portion or portions thereof) as provided in any Series Resolution or Supplemental Resolution.

"Credit Enhancer" means the issuer or provider of any Credit Enhancement.

"Credit Facility" means any credit facility which secures all or a portion of one or more Series of Bonds including, but not limited to, a guaranty, standby loan or purchase commitment, insurance policy, surety bond or financial security bond or any combination thereof, which, in any case secures all or a portion of one or more Series of Bonds, a Parity Obligation, a Subordinate Bond or a Subordinate Contract Obligation.

"Credit Facility Provider" means the issuer of or obligor under a Credit Facility.

"Development" means any project, facility, undertaking or purpose which the Administration is authorized to undertake, finance or provide financing for pursuant to the Act as now or hereafter in effect, including, without limitation, a Single Family Residence, multi-family housing, group housing, shared living facilities, home improvements, housing rehabilitation and any undertaking or project, or portion thereof, which is defined as a "community development project", a "public purpose project", an "energy conservation project", a "home improvement project", an "infrastructure project" or a "special housing facility" by the Act.

"Escrow Payment" means any payment made to obtain or maintain mortgage insurance and fire and other hazard insurance, including payments for any federal, state, local or private program intended to assist in providing Loans, and any payments required to be made with respect to Mortgages for taxes or other governmental charges or other similar charges to a Borrower customarily required to be escrowed, and payments or charges constituting construction or operating contingency, performance or completion or replacement reserves required pursuant to the applicable Loan.

"Expenses" means any money required by the Administration to pay the fees or expenses of the Trustee and any expenses which the Administration lawfully may pay relating to the Program including, without limitation, administrative and operating expenses of the Administration, servicing fees, Credit

Enhancement, Credit Facilities, or the redemption of Bonds, or rebates of arbitrage as required by the Code, except as limited with respect to any Series of Bonds by the applicable Series Resolution.

"FHA" means the Federal Housing Administration of HUD.

"Fiscal Year" means the twelve calendar months commencing on July 1 in any calendar year and ending on June 30 in the following calendar year or such other period of twelve calendar months as determined by the Administration.

"Fund" or "Account" means a Fund or Account created by or pursuant to the Bond Resolution or a Series Resolution.

"Government Obligations" means direct general obligations of, or obligations the payment of the principal and interest of which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book-entry form on the books of the Department of Treasury of the United States of America.

"Hedge Receipt" means, if and to the extent designated as such pursuant to the Series Resolution or Supplemental Resolution authorizing the related Qualified Hedge, the amount required to be paid to the Administration under a Qualified Hedge.

"HUD" means the United States Department of Housing and Urban Development.

"Insurance Proceeds" means payments received with respect to the Program Assets under any insurance policy, guarantee or fidelity bond, including amounts available under any Credit Enhancement, less any expenses incurred in realizing such payments and less any reimbursements of advances due the insurer or provider of such guarantee or bond.

"Investment Obligations" means any of the following investments which at the same time are legal investments for moneys of the Administration which are then proposed to be invested therein:

(1) Government Obligations;

(2) Bonds, debentures, notes or other evidences of indebtedness issued by any federal agency, instrumentality or public corporation the obligations of which represent or are guaranteed by the full faith and credit of the United States of America, including (without limitation): the Rural Housing Service, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, and U.S. Department of Housing and Urban Development;

(3) Bonds, notes or other evidences of indebtedness having a rating at least comparable to a Rating Agency's existing rating on the Bonds (other than Subordinate Bonds) or the comparable rating of any other nationally recognized rating agency issued by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any similar entity;

(4) U.S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks (or the domestic agency or branch of foreign commercial banks) which have a rating in a long-term rating category at least comparable to the long-term rating on the Bonds (other than Subordinated Bonds) or on their short term accounts or securities on the date of purchase not less than F-1/P1 or the comparable rating of a Rating Agency or of any other nationally recognized rating agency and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(5) Interest bearing time or demand deposits, certificates of deposit or other similar banking arrangements with banks (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation, provided that, to the extent such deposits exceed available federal deposit insurance, such deposits are fully collateralized and secured by obligations described in clauses (1) and (2) above which have a market value (exclusive of accrued interest) at least equal to such deposits so secured, including interest;

(6) Commercial paper which is rated at the time of purchase in a long-term rating category at least comparable to the long-term rating on the Bonds (other than Subordinate Bonds) and a rating on their short-term accounts or deposits not less than F-1/P1 or the comparable rating of a Rating Agency or of any other nationally recognized rating agency and which matures not more than 270 days after the date of purchase;

(7) Investments in a money market fund having a rating not less than F-1/P1 or the comparable rating of a Rating Agency or any other nationally recognized rating agency, which may be established by a Ratings Certificate;

(8) Pre-Refunded Municipal Obligations having a rating at least comparable to a Rating Agency's highest possible rating category or the comparable rating of any other nationally recognized rating agency;

(9) Investment agreements with any financial institution or other entity either (i) with debt rated at least comparable to a Rating Agency's existing rating on the Bonds (other than Subordinate Bonds) or the comparable rating of any other nationally recognized rating agency or (ii) if an investment agreement maintains only a short-term rating, a rating not less than F-1/P1 or the comparable rating of a Rating Agency or of any other nationally recognized rating agency, which may be established by a Ratings Certificate;

(10) Contracts for the purchase and sale of obligations described in clauses (1) through (8) of this definition, provided that: (i) if the parties with which such contracts are made are not members of the Federal Reserve System or if such parties (including members of the Federal Reserve System) are not required to set aside and otherwise identify obligations described in clauses (1) through (8) above to such contracts as security or reserve therefore, such obligations are to be delivered to and held by a fiduciary during the term of such contracts, (ii) such obligations are to be continuously maintained at a market value at least equal to 100% of the face value of each such contract, and (iii) the provider of such contract will not adversely affect the rating on the Bonds then in effect;

(11) Investments in any mutual fund the portfolio of which is limited to Investment Obligations, including any proprietary mutual fund of the Trustee for which the Trustee or an affiliate is investment advisor or provides other services to such mutual fund and receives reasonable compensation for such services (and if such mutual fund consists solely of Government Obligations, then such fund will constitute "Government Obligations" for the purposes of the Bond Resolution); and

(12) Any investments authorized in a Series Resolution authorizing the issuance of Bonds or a Supplemental Resolution.

For purposes of this definition, "institution" means an individual, partnership, corporation, trust or unincorporated organization, or a government or agency, instrumentality, program, account, fund, political subdivision or corporation of a government. Any reference in this definition to the highest rating of short-term obligations is without regard to any refinement or gradation such as "+" or "-".

The Trustee may purchase Investment Obligations that do not meet the requirements set forth in this definition, so long as the purchase of such Investment Obligations does not, as of the date of such investment, in and of itself, result in a reduction or withdrawal of the then existing rating assigned to the Bonds (other than

Subordinate Bonds) by any Rating Agency. If the rating of any Investment Obligation purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Investment Obligation.

The definition of Investment Obligation may be amended and additional obligations or investments included pursuant to a Supplemental Resolution or a Series Resolution, provided such amendments will not in and of themselves cause a reduction in the rating of the Bonds as in effect immediately before such amendment which may be established by a Ratings Certificate.

"Liquidation Proceeds" means the net amounts (other than Insurance Proceeds) received in connection with the liquidation of a defaulted Program Asset, whether through foreclosure, trustee's sale, repurchase by a mortgage lender, or otherwise, less any costs and expenses incurred in realizing those amounts.

"Loan" means: (1) a loan, made or purchased or otherwise financed by the Administration; (2) a portion of, or participation in, a loan made or purchased or otherwise financed by the Administration; or (3) a mortgage-backed security, security or certificate in connection with a loan exchanged for or otherwise evidencing ownership of an interest in a loan purchased or otherwise financed by the Administration, which may (but is not required to) be subject to Credit Enhancement. A Loan may or may not relate to a Single Family Residence and may or may not be secured by a Mortgage, to the extent permitted by the Act.

"Mortgage" means a mortgage, deed of trust or other instrument securing a Program Asset.

"Mortgage Lender" means a bank, trust company, savings institution, savings and loan association, national bank association, mortgage banker or other financial institution that is approved by the Administration as an originator and that maintains an office in the State and engages in making or originating "residential mortgage loans," as defined in the Act; any insurance company that is authorized to transact business in the State; the Maryland Home Financing Program established pursuant to Sections 4-801 through 4-816 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended and supplemented from time to time; and any other program, instrumentality, fund, account, corporation or agency of the State from which the Administration may be authorized under the Act to purchase "residential mortgage loans," as defined in the Act.

"Mortgage Loan" means a Loan relating to a Single Family Residence secured by a Mortgage, including a portion of or a participation in such Loan.

"Non-Conforming Loan" means a Loan which does not comply with the mortgage eligibility requirements of the Code.

"Outstanding" means, with respect to any Bonds as of any date, all Bonds authenticated and delivered by the Trustee under the Bond Resolution to that date, except:

1. any Bond (or portion thereof) deemed to be paid in accordance with the Bond Resolution;

2. any Bond canceled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity; and

3. any Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the Bond Resolution, unless proof satisfactory to the Trustee is presented that any Bond for which such Bond has been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu of, or in substitution for, it shall be deemed outstanding.

"Parity Bonds" means Bonds which have a first priority pledge of, lien on, and security interest in, the trust estate established by the granting clauses of the Bond Resolution.

"Parity Hedge Obligation" has the meaning provided in the Bond Resolution.

"Parity Obligations" means Parity Bonds and Parity Hedge Obligations.

"Parties" or "Party" means any person(s), other than the Administration, that is/are party(ies) to a Parity Obligation other than Bonds or to a Subordinated Contract Obligation.

"Pledged Property" means Revenues and all other money and property pledged to the payment of the Bonds as set forth in the Bond Resolution.

"Prepayment" means any money received from a payment of principal on a Loan in excess of the scheduled payments of principal then due.

"Pre-Refunded Municipal Obligations" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow, in the highest rating category of any nationally recognized rating agency; or (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or Government Obligations, which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Program" means the Administration's program of making or purchasing or otherwise financing Qualified Program Assets pursuant to the provisions of the Bond Resolution.

"Program Asset" means a Loan or a Development.

"Purchase Commitment" means a written commitment by the Administration, signed by an authorized Officer and accepted by the developer, as amended or supplemented from time to time, to purchase from a Mortgage Lender one or more Loans.

"Qualified Hedge" means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Administration with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into; (ii) which is a cap, floor or collar; forward rate; future rate; swap; asset, index, price or market-linked transaction or agreement; other interest rate exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof,; or any option with respect thereto; or any similar arrangement; and (iii) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge.

"Qualified Hedge Provider" means a provider of a Qualified Hedge as determined in a Certificate of the Administration.

"Qualified Program Asset" means a Program Asset satisfying the conditions set forth in the Bond Resolution.

“Rating” means at any date the then existing rating of Bonds (other than Subordinate Bonds and other than any Series of Bonds which has a rating based on a Credit Facility) by a Rating Agency.

“Rating Agency” means any nationally recognized rating agency maintaining a rating of any Bonds (other than Subordinate Bonds), pursuant to a request for a rating by the Administration.

“Rating Certificate” means, in connection with certain actions to be taken by the Administration, a Certificate of an Authorized Officer filed with the Trustee that the Administration has been advised by each Rating Agency that the Rating of that Rating Agency will not be reduced as a result of the Administration taking that action. Published rating criteria by a Rating Agency shall also constitute advice of that Rating Agency.

“Record Date” means the fifteenth business day next preceding an Interest Payment Date.

“Recovery Payment” means any payment by a mortgagor or any other recovery of principal on a Loan not applied to scheduled installment of principal and interest on the Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a Prepayment of a Loan). A Recovery Payment includes, without limitation, (i) Prepayments, (ii) the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), (iii) Liquidation Proceeds, and (iv) amounts from the sale, transfer or other disposition of a Program Asset, or net recovery from Credit Enhancement to the extent not included in Insurance Proceeds, in each case representing such principal amounts.

“Refunding Bonds” means any bonds issued by the Administration to refund one or more Series of Bonds or any portion thereof. Bonds issued for the purpose of refunding bonds, notes or other obligations, whether issued by the Administration or any other person, under any authorizing or issuing document, resolution, certificate or indenture other than the Bond Resolution are not Refunding Bonds under the Bond Resolution.

“Reserve Fund” means the Fund of that name established pursuant to Section 401 of the Bond Resolution.

“Reserve Requirement” means, as of any particular date of calculation, an amount equal to the sum of all amounts established as Series Reserve Requirements in the Series Resolutions for all Series of Bonds Outstanding authorizing the issuance of such Outstanding Bonds. The Trustee may rely upon a Certificate from an Authorized Officer of the Administration which states the Reserve Requirement as of the date of the Certificate.

“Revenue Fund” means the Fund of that name established pursuant to Section 401 of the Bond Resolution.

“Revenues” means all payments, proceeds, rents, charges and other cash income derived by or for the account of the Administration from or related to the Program, including, without limitation, the payments of principal of and interest on Loans (whether paid by or on behalf of the Borrower), including the payments of principal of and interest on Loans subject to Credit Enhancement, and investment income from all funds and accounts described in Section 401 of the Bond Resolution subject to the lien of the Bond Resolution, Hedge Receipts and Termination Receipts, including Recovery Payments or Acquired Development Receipts, and not including any fees received by the Administration for its own account pursuant to annual contribution contracts between the Administration and HUD, if any, with respect to Project Assets financed by Loans, or financing, commitment or similar fees or charges of the Administration at or prior to the time of making, purchasing or otherwise financing a Program Asset. Any arbitrage rebate payable to the United States are not Revenues and are not subject to the lien of the Bond Resolution.

"Serial Bonds" means Bonds which are not Term Bonds.

"Series" means one of the Series of Bonds issued under the Bond Resolution pursuant to a Series Resolution.

"Series Program Determinations" means determinations by the Administration relating to Program Assets and certain other matters required to be set forth in connection with a Series of Bonds under the Program (or provision to be determined at certain specified times in the future), as provided in a Series Resolution. Series Program Determinations shall be consistent with the Bond Resolution. They may include, without limitation, (i) the security which may be provided for each Program Asset; (ii) the principal and interest payment provisions of Loans; (iii) the maximum term to maturity of Loans; (iv) the nature of the residences to which the Loans relate and limitations on who may be a mortgagor; (v) required credit standards and other terms of primary mortgage insurance or other credit support, if any, and the levels of coverage and applicable loan to value ratios, if appropriate; (vi) Credit Enhancement, if any; (vii) the application of a Credit Facility, if any; (viii) the manner and extent of funding, and provisions designating the use of, the Collateral Reserve Fund, if any, or any modification of the Collateral Reserve Funds; (ix) provisions for limiting or restricting use of Recovery Payments; and (x) limitations on Expenses.

"Series Reserve Requirement" means an amount established by a Series Resolution as a component of the Reserve Requirement while Bonds of the Series are Outstanding.

"Series Resolution" means a resolution of the Administration authorizing the issuance of a Series of Bonds and includes any determination with regard to that Series made by an Authorized Officer pursuant to the authority delegated by the Series Resolution, and executed prior to issuance of those Bonds. Series Resolution includes any resolution of the Administration amending a Series Resolution as provided in the Bond Resolution or the related Series Resolution.

"Single Family Residence" means a residential dwelling of one or more units located within the State, occupied or to be occupied within a reasonable period of time as a principal residence of the Borrower, including, without limitation, manufactured housing or mobile homes permanently affixed to the property, condominiums, and cooperative housing to the extent permitted by the Act.

"Sinking Fund Requirement" means, as of any particular date of calculation, with respect to the Term Bonds of any Series and maturity, the amount of money required to be applied on any applicable date to the redemption prior to maturity or the purchase of those Bonds. Sinking Fund Requirements may be established as fixed dollar amounts or by formula.

"State" means the State of Maryland.

"Subordinate Bond Accounts" means the Accounts of that name in the Revenue Fund established pursuant to Section 401 of the Bond Resolution.

"Subordinate Bonds" means bonds authorized under this Resolution and issued pursuant to the Bond Resolution.

"Subordinate Contract Obligation" means (a) Subordinate Bonds, (b) any payment obligation of the Administration (other than a payment obligation constituting a Parity Obligation) arising under any Qualified Hedge, or portion of a Qualified Hedge, which has been designated as constituting a "Subordinated Contract Obligation" pursuant to the Series Resolution or Supplemental Resolution authorizing such Qualified Hedge, and (c) any other contract, agreement or other obligation authorized by a Series Resolution or Supplemental Resolution and designated as constituting a "Subordinate Contract Obligation" in such authorizing Series Resolution or Supplemental Resolution. Each Subordinate Contract Obligation shall be payable from Revenues subject and subordinate to the payments to be made with respect to the Parity Obligations, and shall be secured by a lien on and pledge of Revenues junior and inferior to the lien on and pledge of the Revenues pursuant to the Bond Resolution created for the payment of the Parity Obligations, all as set forth in the Bond Resolution.

"Subordinate Contract Obligation Accounts" means the Accounts of that name in the Revenue Fund established pursuant to the Bond Resolution.

"Supplemental Resolution" means any resolution of the Administration supplementing or amending the Bond Resolution.

"Term Bonds" means the Bonds of a Series with respect to which Sinking Fund Requirements have been established.

"Termination Receipt" means an amount required to be paid to the Administration under a Qualified Hedge by the Qualified Hedge Provider as a result of the termination of such a Qualified Hedge.

"Trustee" means any institution named in the Series Resolution related to the initial Series of Bonds and designated to act as trustee with respect to the Bonds and its successors and any consolidation or merger to which it or its successors may be a party.

"USDA/RD" means the United States Department of Agriculture, Rural Development Guaranteed Rural Housing Program.

"VA" means the United States Department of Veterans Affairs.

[THIS PAGE LEFT INTENTIONALLY BLANK]

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following is a brief summary of certain provisions of the Bond Resolution and such summary is qualified in its entirety by reference to the Bond Resolution.

Purposes for Which Bonds May be Issued

The Bond Resolution provides that Bonds may be issued to provide funds for one or more of the following purposes:

(a) for the making, purchasing or otherwise financing Program Assets;

(b) for the refinancing of Program Assets (including, without limitation, Program Assets in default);

(c) for the refunding of any or all Outstanding Bonds or any other bonds, notes or other obligations, whether or not the Administration is the issuer thereof, including any or all interest and redemption premiums thereon;

(d) for the funding of reserves;

(e) for the funding of costs of issuance, redemption premiums relating to Bonds and Administration expenses; or

(f) achieving any other of the Administration's purposes, as described in the Act, as now or hereafter in effect. **[§101]**

Contract with Trustee and Bondholders

As provided in the Act and as covenanted in the Bond Resolution, in consideration of (i) the acceptance by the Trustee of the trusts created, (ii) the purchase and acceptance of Bonds of any Series issued thereunder by any who shall from time to time be holders thereof and (iii) the entering into of other Parity Obligations or Subordinate Contract Obligations:

(a) The provisions of the Bond Resolution and applicable Series Resolutions are contracts of the Administration with the Trustee, the Parties and the holders of the Bonds.

(b) The Administration covenants that it will cause to be paid to and deposited with the Trustee all proceeds of Bonds, all payments of Loans, and all income and receipts therefrom. **[§103]**

Issuance of the Bonds

Each Series of Bonds shall be authorized and issued under and secured by the Bond Resolution pursuant to the authorization contained in a Series Resolution. The Bonds of each Series shall be designated as provided by the Series Resolution. The Bonds shall be in such subseries (if any), shall be in such denominations, shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law payable beginning on such date, shall be stated to mature on such dates, shall be made redeemable at such times and prices (subject to the provisions of the Bond Resolution), shall have such interest payment dates, shall be numbered and the Term Bonds of such Series shall have such Sinking Fund Requirements, all as may be provided by the Series Resolution for such Bonds. Except as may otherwise be provided in the Series Resolution for Subordinate Bonds, and except as to any differences in the maturities or the interest payment dates or the rate or rates of interest or the provisions for redemption, such Bonds shall be on a parity with and shall be entitled to the same benefits and security under the Bond Resolution as all other Parity Obligations under the Bond Resolution.

Each Series Resolution authorizing the issuance of a Series of Bonds shall include a determination by the Director of the Administration that the issuance of such Series of Bonds is necessary to achieve one or more purposes of the Administration, and may specify and determine such other details as may be required.

Before the Bonds of the Series shall be authenticated and delivered by the Trustee, there shall be on file with the Trustee the following: (i) a copy of the Bond Resolution and the Series Resolution duly certified by an Authorized Officer; (ii) a Bond Counsel's Opinion stating in the Opinion of such counsel that (A) the Bond Resolution and the applicable Series Resolution have been duly adopted and are valid and binding upon the Administration (subject to reasonable exceptions with respect to enforceability under bankruptcy laws, the police power of the State or other similar laws, and the availability of specific performance and other equitable remedies under State law) and (B) the Bonds being issued are valid and legally binding special limited obligations of the Administration secured in the manner and to the extent set forth in the Bond Resolution and the applicable Series Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained in the Bond Resolution and the applicable Series Resolution; (iii) a Cash Flow Statement conforming to the requirements of the Bond Resolution, accompanied by a Rating Certificate with respect to Bonds other than Subordinate Bonds; and (iv) a request and authorization to the Trustee on behalf of the Administration, signed by an Authorized Officer, to authenticate and deliver the Bonds to the purchaser or purchasers identified in such request upon payment (or provision therefor) to the Trustee for the account of the Administration of the purchase price of the Bonds or, in the instance of Bonds purchased for delivery at a later date or dates, upon such later date(s) as specified in a Series Resolution. **[§209]**

Authorization of Subordinate Contract Obligations; Conditions Precedent to Delivery

The Administration may from time to time enter into Subordinate Contract Obligations to be secured by the Bond Resolution on a subordinated basis, subject to the conditions hereinafter provided.

Payment of Subordinate Contract Obligations, including the principal or redemption price of and interest on, and the purchase price of each Series of Subordinate Bonds, may be secured by the pledge of funds and accounts under certain provisions of the Bond Resolution, including Subordinate Contract Obligation Accounts, to the extent specified in the Series Resolution, subordinate, however, to the pledge securing Parity Obligations, and upon such terms and conditions set forth in the Series Resolution authorizing such Subordinate Contract Obligations. Subordinate Contract Obligations may be payable from Revenues derived under the Bond Resolution, but only after payment of all other amounts payable from Revenues with respect to Parity Obligations and with respect to any Subordinate Contract Obligations having a higher priority to payment from such Revenues.

The Series Resolution authorizing a Subordinate Contract Obligation may provide that such Subordinate Contract Obligation shall be secured solely by such proceeds or Revenues and not by any other moneys, funds or accounts held under the Bond Resolution, and that such proceeds or Revenues shall not constitute security for or a source of payment of any other Bonds or other Subordinate Contract Obligations outstanding or thereafter issued or entered into in accordance with the Bond Resolution. The Series Resolution authorizing a Subordinate Contract Obligation may establish different priorities of payment and security among different Subordinate Contract Obligations. **[§210]**

Qualified Hedges

The Administration may, to the extent from time to time permitted pursuant to law, enter into Qualified Hedges. The Administration's obligation to pay any amount under any Qualified Hedge may be secured by a pledge of, and a lien on, Revenues on a parity with the lien securing the Parity Obligations (a "Parity Hedge Obligation"), or may constitute a Subordinate Contract Obligation, as determined by the Administration in the Series Resolution authorizing the related issue of Bonds or in a Supplemental Resolution. Parity Hedge Obligations shall not include any payments of any termination (including Termination Payments) or other fees, expenses, indemnification or other similar obligations to a Party to a Qualified Hedge, which payments shall be Subordinate Contract Obligations payable from Revenues deposited into a Subordinate Contract Obligation Account in the order of priority set forth in the Bond Resolution. **[§214] [§406]**

Purchase of Bonds

Amounts on deposit in the Revenue Fund may be applied as applicable to the purchase of Bonds of each Series then Outstanding, whether or not such Bonds or portions thereof shall then be subject to redemption. The Trustee, upon Administration Request accompanied by a Cash Flow Certificate if required by the Bond Resolution, is required to purchase from such amounts such Bonds, whether they be Serial Bonds or Term Bonds, as specified in such Administration Request. The Trustee is required to pay the interest accrued on such Bonds or portions of Bonds to the date of settlement for the Bonds from the Revenue Fund. The Bond Resolution provides that no purchase of a Bond is to be made by the Trustee after the giving of notice of redemption as to that Bond by the Trustee. Purchased Bonds are required to be delivered to the Trustee for cancellation. **[§405]**

Funds and Accounts Established by the Bond Resolution

The Bond Resolution establishes the following funds and accounts to be held by the Trustee in trust for application in accordance with the Bond Resolution;

(i) Program Fund, which, for each Series of Bonds, will contain a Series Program Account;

(ii) Revenue Fund, which will consist of:

- (a) Debt Service Account,
- (b) Recovery Payment Account,
- (c) Redemption Account, and
- (d) Subordinate Contract Obligation Accounts;

(iii) Reserve Fund;

(iv) Collateral Reserve Fund;

(v) Acquired Development Fund; and

(vi) Rebate Fund. **[§401]**

Additional Funds and Accounts (including for the purpose of depositing amounts required to be related to mortgagors or the United States) may be created and designated in Series Resolutions.

Program Fund

Except as may be provided by a Series Resolution for Subordinate Bonds, amounts received upon the sale of a Series of Bonds are to be deposited in the Program Fund and credited to the related Series Program

Account in the amount, if any, provided in the applicable Series Resolution. In addition, amounts are to be deposited in the Program Fund from the Revenue Fund as provided in the Bond Resolution and from any other source and are to be credited to the Series Program Account as specified in the Administration Request directing the transfer.

Amounts in a Series Program Account may be used to pay Costs of Issuance of the related Series of Bonds, or to reimburse the Administration for Costs of Issuance, in either case in the amount specified in or pursuant to the Series Resolution, upon a requisition stating generally the nature and amount of those Costs of Issuance signed by an Authorized Officer. Amounts in Series Program Accounts other than amounts used or to be used to pay Costs of Issuance are to be applied by the Trustee upon Administrative Request: (i) to finance the making or acquisition of Program Assets, (ii) to pay costs of Credit Enhancement with regard to Program Assets or any Credit Facility with regard to Bonds, (iii) to pay costs of completing an Acquired Development as set forth in the Bond Resolution, and (iv) as otherwise provided in the Series Resolution. **[§402]**

Revenue Fund

The Trustee is required to transfer to and deposit in the Revenue Fund all amounts transferred to it from the Program Fund as provided in the Bond Resolution or from the Reserve Fund as provided in the Bond Resolution and credit those amounts to the Accounts as specified in the Bond Resolution. Amounts received upon the sale of a Series of Bonds are to be deposited in the Revenue Fund in the amount, if any, provided in the applicable Series Resolution, for credit to the Debt Service Account to pay debt service as specified in the Series Resolution.

Recovery Payments are to be credited to the Recovery Payment Account. Except as may be limited by a Series Resolution, amounts in the Recovery Payment Account may be transferred at any time upon an Administration Request to the Redemption Account, the Debt Service Account or any Series Program Account.

At any time, upon Administration Request, the Trustee is required to apply amounts in the Revenue Fund not credited to any Account in the Fund to pay the accrued interest portion of the cost of acquiring any Loan consistent with the related Series Resolution.

Upon their receipt, the Administration is required to notify the Trustee as to any amounts which have been received for accrued interest with respect to Loans made or acquired from amounts which were expended from the Series Program Account (to the extent not so funded from a transfer from the Revenue Fund). The Trustee is required to transfer those amounts to the credit of the applicable Series Program Account.

On or prior to each payment date for the following obligations the Trustee is required to transfer all amounts in the Revenue Fund not in any Account in the Revenue Fund to the credit of Funds and Accounts in the following priority:

(1) to the Debt Service Account, an amount sufficient, together with amounts on deposit in that Account, timely to pay interest and principal, at maturity or mandatory redemption, due on such debt service payment date Parity Bonds, and any other payments due on such payment date on other Parity Obligations, and to pay any Expenses in connection with any Credit Facility related to such Parity Obligations, as set forth in the Series Resolution or a Supplemental Resolution;

(2) to the payment of Expenses specified in a Series Resolution, or such other Expenses provided in an Administration Request;

(3) to the Reserve Fund, an amount sufficient to cause the amount on deposit in that Fund, including Cash Equivalents permitted by a Series Resolution, to equal the Reserve Requirement;

(4) to the Redemption Account, an amount as specified in an Administration Request;

(5) to any Series Program Account in the Program Fund, an amount as specified in an Administration Request; or

(6) to any Subordinate Contract Obligation Accounts, an amount sufficient together with amounts on deposit in that Account, established by a Series Resolution for Subordinate Contract Obligations, timely to pay when due, any Subordinate Contract Obligation and to pay any Expenses in connection with any Credit Facility related to such Subordinate Contract Obligations, as set forth in the Series Resolution or a Supplemental Resolution or to provide any reserve with respect to Subordinate Contract Obligations.

At any time the Trustee is required to, upon Administration Request, accompanied by a Cash Flow Certificate, release amounts on deposit in the Revenue Fund to the Administration for any lawful purpose free and clear of the pledge and lien of the Bond Resolution.

At any time the Trustee is required to, upon Administration Request, apply amounts in the Revenue Fund not credited to any Account in it or the Rebate Fund to make required rebates pursuant to the Code.

At any time the Trustee is required to apply, upon an Administration Request, amounts in the Revenue Fund and not credited to any Account in it to the purchase of Bonds at the times, in the manner and for the purposes set forth in the Bond Resolution.

At any time, upon Administration Request, amounts on deposit in the Revenue Fund may be applied to pay Expenses as specified in an Administration Request. **[§403]**

Reserve Fund

The Administration is required to deposit amounts in the Reserve Fund as provided in the Series Resolutions and as provided in the Bond Resolution. The Trustee is required to transfer money held in the Reserve Fund to the Debt Service Account, pursuant to the Bond Resolution. Amounts held in the Reserve Fund as of any date in excess of the Reserve Requirement, taking into account any Cash Equivalents in the Reserve Fund, are required to, upon an Administration Request, be transferred to the Revenue Fund. A Series Resolution may provide that the Reserve Requirement or any excess balances in the Reserve Fund with respect to the applicable Series of Bonds may be funded in whole or in part through Cash Equivalents or other Program Assets. **[§408]**

Collateral Reserve Fund

Moneys, Cash Equivalents, Program Assets, Non-Conforming Loans and other assets may be deposited into the Collateral Reserve Fund in accordance with the requirements of a Series Resolution or a Supplemental Resolution, which may establish terms, conditions and provisions relating to the funding of the Collateral Reserve Fund, the making or purchase of loans or other Assets approved by the Administration, disbursement of moneys or Cash Equivalents and the sale, disposition or release of Program Assets, Non-Conforming Loans from such fund, and maintenance of moneys, Cash Equivalents, Program Assets or Non-Conforming Loans, or assets required to be held in such fund with respect to either a Series of Bonds or generally. Any moneys, Cash Equivalents, Program Assets, Non-Conforming Loans or other assets on deposit in the Collateral Reserve Fund may be transferred to any other Fund or Account or withdrawn by the Administration upon receipt by the Trustee of an Administrative Request.

The Trustee is required to transfer amounts from the Collateral Reserve Fund to the credit of the Debt Service Account as provided in the Bond Resolution. **[§409]**

Acquired Development Fund

Acquired Development Receipts are required to be held by the Trustee in the Acquired Development Fund and are required to be used solely for the payment of Acquired Development Expenses; provided that any amount specified by an Authorized Officer as not being needed to maintain the Acquired Development Expense Requirement is required to be transferred to the Revenue Fund.

Payments from the Acquired Development Fund are required to be made upon the direction of an Authorized Officer. Upon receipt of each such direction of an Authorized Officer, the Trustee is required to pay the amount stated therein to the Administration by check or draft or is required to arrange for the transfer, deposit or payment of such amounts as directed by the Authorized Officer.

The Administration is required to maintain on its books of account a separate account within the Acquired Development Fund for each Acquired Development, showing all disbursements of money withdrawn for it from the Acquired Development Fund, and is required to provide to the Trustee, at least quarterly, a report showing in reasonable detail the expenditures for each Acquired Development.

The Trustee is required to transfer amounts from the Acquired Development Fund to the credit of the Debt Service Account as provided in the Bond Resolution. **[§410]**

Sale of Program Assets; Release of Lien of Resolution

The Administration is authorized to sell, assign or otherwise dispose of a Program Asset (and to release the same from the lien of the Bond Resolution), in addition to a sale, assignment or disposition pursuant to the Bond Resolution or any applicable Supplemental Resolution, provided that, with respect to any Program Asset not in default, the Administration files with the Trustee a Cash Flow Certificate taking into account such sale, assignment or disposition pursuant to the Bond Resolution.

The Administration is authorized to release a Program Asset secured by a Credit Facility or Credit Enhancement, reserves created or held with respect to such Program Asset or the Series of Bonds (or portion of such Series) issued to make, purchase or finance such Program Asset and any other moneys to be received with respect to such Program Asset from the lien of the Bond Resolution at the direction of the Credit Facility Provider or Credit Enhancer which issued or provided any Credit Facility securing the Series of Bonds which financed the Program Asset or the Credit Enhancement securing the Program Asset, provided such Credit Facility or Credit Enhancement continues in effect. Such release may occur only after payment is made under the terms of the Credit Facility or Credit Enhancement. **[§617]**

Cash Flow Statements and Certificates

See the discussion of Cash Flow Statements and Certificates under the heading "SECURITY FOR THE BONDS – Cash Flow Statements and Certificates".

The Cash Flow Statement shall be based upon the Administration's reasonable expectations, and shall be based upon assumptions consistent with those used in the most recent Cash Flow Statement or such other assumptions as shall not adversely affect any of the Rating Agency's ratings on the Bonds. In calculating the amount of interest due on Bonds in the current and each succeeding Bond Year in which Bonds are scheduled to be Outstanding on Bonds bearing interest at a variable rate as defined in a Supplemental Resolution, the initial interest rate shall be used so long as doing so does not adversely affect any of the Rating Agency's ratings on the Bonds. **[§608]**

Redemption of Bonds

The Bonds issued under the provisions of the Bond Resolution are subject to redemption, both in whole and in part and at such times and redemption prices, as may be provided in the applicable Series Resolution. Term Bonds may be made subject to sinking fund redemption pursuant to their Sinking Fund Requirements on the dates and during the period during which such Sinking Fund Requirements are in effect, as established in the applicable Series Resolution.

The Trustee, at the direction of the Administration, is required to select the Bonds or portions of Bonds to be redeemed or purchased in accordance with the Bond Resolution and the applicable Series Resolution. Except as otherwise stated in the related Series Resolution, money is required to, upon an Administration Request to the Trustee accompanied by a Cash Flow Certificate, as may be required by the Bond Resolution, be applied by the Trustee to the purchase or the redemption of Bonds selected from among the Series (and subseries, if applicable), maturities and interest rates on the basis specified by the Administration in that Administration Request. Except as otherwise provided in a Series Resolution, the Administration Request relating to each redemption of Bonds is required to be filed with the Trustee at least fifteen (15) days prior to the date upon which notice of redemption is caused to be delivered by the Trustee to all registered owners of Bonds to be redeemed, or such lesser number of days as are acceptable to the Trustee.

Except as otherwise provided in a Series Resolution, if less than all of the Bonds of one Series (and subseries, if applicable) and one maturity bearing the same interest rate (and otherwise of like tenor) are called for redemption, the particular Bonds of such Series (and subseries if applicable) and maturity bearing the same rate of interest (and otherwise of like tenor) to be redeemed are to be selected not later than fifteen (15) days prior to the date upon which notice of redemption is caused to be delivered by the Trustee to all registered owners of Bonds to be redeemed, or such lesser number of days as are acceptable to the Trustee in such manner as directed by the Administration. If no such direction is received by the Trustee, the Trustee is required to select the Bonds to be redeemed by lot or in such other manner as it in its discretion may determine. The portion of Bonds of any Series (and subseries, if applicable) to be redeemed is required to be in the minimum principal amount or some integral multiple of such minimum principal amount established for such Bonds in the applicable Series Resolution, and in selecting Bonds for redemption, the Trustee is required to treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by such minimum principal amount.

If less than all of the Term Bonds Outstanding of any one maturity of a Series (or subseries, if applicable) are purchased for cancellation or called for redemption (other than in satisfaction of Sinking Fund Requirements), the principal amount of such Term Bonds that are so purchased or redeemed is to be credited, to the extent practicable, except as otherwise provided in an Administration Request, against all remaining Sinking Fund Requirements for the Term Bonds of such Series (and subseries, if applicable) and maturity in the proportion which the then remaining balance of each such Sinking Fund Requirement bears to the total of all Bonds of such Series (and subseries, if applicable) and maturity then Outstanding. **[§301]**

Investment of Moneys Held by the Trustee

Any and all money held by the Trustee under the Bond Resolution, except as otherwise expressly provided in the Bond Resolution, is to be held in trust, is to be applied only in accordance with provisions of the Bond Resolution and are not to be subject to any lien, charge or attachment by any creditor of the Administration.

Money deposited under the Bond Resolution is to, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of an Authorized Officer (promptly confirmed by delivery of an Administration Request) in Investment Obligations which are to be in such amounts and bear interest at such rates that sufficient money will be available to pay the principal and interest when due on the Bonds and the other obligations permitted under the Bond Resolution and which mature, or which are subject to redemption by the holder at the option of the holder, such that sufficient money will be available for the purposes intended.

Any Investment Obligations so purchased in any Account or Fund are to be deemed at all times to be part of such Account or Fund. Unless the Administration otherwise directs, any interest paid on the investment in any Account or Fund (except the Rebate Fund) is to be credited to the Revenue Fund and is to be treated as Revenues. Any interest paid on the investment of the Rebate Fund is required to be credited to the Rebate Fund. Any profit or loss resulting from an investment is to be credited to or charged against the applicable Account or Fund of which it is an investment. The Trustee is required to sell or present for redemption any obligations so purchased whenever it is necessary to do so in order to provide money to meet any payment or transfer from any such Account or Fund. The Trustee, when authorized by an Authorized Officer, may trade with itself in the purchase and sale of securities for such investment. Neither the Trustee nor the Administration is liable or responsible for any loss resulting from any such investment. **[§§501 and 502]**

Program Covenants; Enforcement of Mortgage Loans

The Administration covenants in the Bond Resolution that:

(i) the Administration will use and apply the proceeds of the Bonds, to the extent not required by the Bond Resolution for other Program purposes, to make or purchase or otherwise finance Qualified Program Assets or otherwise apply such proceeds in accordance with the provisions and requirements of each applicable Series Resolution;

(ii) the Administration will do all such acts and things as are necessary to receive and collect Revenues and such payments for taxes, insurance and similar items as are normally escrowed by prudent mortgage servicing institutions in the State, consistent with sound practices and principles;

(iii) the Administration will diligently enforce and take all steps, actions and proceedings reasonably necessary, in the judgment of the Administration, for the enforcement of all terms, covenants and conditions of Mortgages and Loans;

(iv) the Administration will establish income and occupancy requirements to assure compliance with the Act for the Borrower for each Single Family Residence or Development financed with the proceeds of a Loan; and

(v) the Administration will take all reasonable steps, actions and proceedings it deems appropriate or necessary for the enforcement of all terms, covenants and conditions of Loans made, purchased or financed by the Administration, including the prompt collection of Loan repayments and fees and charges and other Revenues. **[§615]**

Tax Covenants

The Administration covenants in the Bond Resolution that it will comply with the applicable tax covenants contained in any applicable Series Resolution. **[§609]**

Events of Default

Each of the following constitutes an Event of Default under the Bond Resolution:

(1) payment of interest on or the principal or redemption price of any of the Bonds is not made when due and payable; or

(2) default in the due and punctual performance of any other covenants or agreements contained in the Bonds or in the Bond Resolution or any Series Resolution and such default continues for ninety (90) days after written notice requiring the default to be remedied, has been given to the Administration by the Trustee. The Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding. However, if such default can be remedied, so long as following such notice the Administration is diligently taking actions to remedy such default, such default is not an Event of Default under the Bond Resolution.

An Event of Default with respect to Subordinate Bonds is not an Event of Default on Bonds which are not Subordinate Bonds. For purposes of determining the percentages of Owners of Bonds as provided in the Bond Resolution, only Bonds other than Subordinate Bonds are to be taken into account unless the Event of Default relates only to Subordinate Bonds in which case the percentage relates only to Subordinate Bonds. In the case of an Event of Default relating only to Subordinate Bonds any acceleration or other remedy will relate only to Subordinate Bonds.

Except as expressly provided above, under no circumstances shall the Administration's failure to pay (i) Parity Hedge Obligations, (ii) Termination Payments or (iii) Subordinate Contract Obligations constitute an Event of Default under the Bond Resolution. **[§701]**

Remedies; Rights of Bondholders

Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written direction of the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds is required to proceed, subject to the provisions of the Bond Resolution, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under the Bond Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Bond Resolution or in aid or execution of any power granted in the Bond Resolution or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Bond Resolution the Trustee is entitled (1) to sue for, enforce payment of and recover judgment for, in its own name as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Administration for unpaid principal, premium, if any, interest or otherwise under any of the provisions of the Bond Resolution or the Bonds, with, to the extent permitted by the applicable law, interest on overdue payments of principal of and interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Bond Resolution and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and (2) to recover and enforce any judgment or decree against the Administration, but solely as provided in the Bond Resolution, the Series Resolution, and in the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee may, and, subject to the Bond Resolution, if requested in writing by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Parity Bonds, is required to institute and maintain such suits and proceedings as it may be advised are necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts which may be unlawful or in violation of the Bond Resolution or of any Series Resolution or (ii) to preserve or protect the interest of the Bondowners, provided that such request is in accordance with law and the provisions of the Bond Resolution and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Owners of Bonds not making such request.

If a covenant is set forth in a Series Resolution, limitations on the remedies available upon an Event of Default related to such covenant may be set forth in such Series Resolution. **[§703]**

Rights of Bondholders to Direct Proceedings

Notwithstanding anything in the Bond Resolution to the contrary, the Owners of a majority in principal amount of the Parity Bonds then Outstanding shall have the right, subject to the provisions of the Bond Resolution, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee or exercising any trust or power conferred upon the Trustee, provided that such direction shall not be otherwise than in accordance with law, the provisions of the Bond Resolution and the Act and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of Bondowners not joining in such direction. **[§707]**

Waiver of Events of Default

The Trustee, upon written direction of the Owners of not less than a majority in aggregate principal amount of the Outstanding Bonds, is required to waive any Event of Default, which in the opinion of those Owners has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by them under the provisions of the Bond Resolution or before the completion of the enforcement of any other remedy under the Bond Resolution, but no such waiver may extend to or affect any other existing or any subsequent Event or Events of Default or impair any rights or remedies consequent to it. **[§713]**

Modification of Resolutions and Outstanding Bonds

The Bond Resolution provides procedures whereby the Administration may amend the Bond Resolution or a Series Resolution by adoption of a Supplemental Resolution. Amendments that may be made without the consent of Bondholders may be only for certain purposes and include curing any ambiguity, defect or omission in the Bond Resolution or conferring upon the Trustee additional rights, remedies, powers, authority or security that may be lawfully granted. **[§1001]**

Amendments of certain of the respective rights and obligations of the Administration and the Bondholders may be made with the written consent of the holders of greater than fifty percent (50%) in aggregate principal amount of the Outstanding Bonds; however, without the consent of all adversely affected Bondowners, no Supplemental Resolution may (a) change the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) reduce the principal amount of any Bond or the redemption premium or the rate of interest on it, or (c) create or grant a pledge, assignment, lien or security interest of the Pledged Property, or any part of it, other than as created or permitted by the Bond Resolution without the Supplemental Resolution, or (d) create a preference or priority of any Bond or Bonds over any other Bond or Bonds, except as may be permitted by the Bond Resolution or (e) reduce the aggregate principal amount or classes of the Bonds required for consent to such Supplemental Resolution. If any such modification, supplement or amendment will by its terms, not take effect so long as any Bonds of any specified Series and maturity remain Outstanding, the consent of the Owners of those Bonds are not required and such Bonds will not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Bond Resolution. **[§1002]**

Defeasance

If the Administration shall pay or cause to be paid, or there shall otherwise be paid, to the Registered Owners of the Bonds then Outstanding, the principal, redemption premium, if any, and interest to become due thereon, at the times and in the manner stipulated in the Bond Resolution and in the Series Resolutions, then the covenants, agreements and other obligations of the Administration to the Registered Owners of the Bonds shall be discharged and satisfied. If the Administration pays or cause to be paid, or there is otherwise paid, to a Party to a Parity Obligation, other than Parity Bonds, or to a Subordinated Contract Obligation, other than

Subordinate Bonds, at the times and in the manner stipulated in the Bond Resolution and in the Series Resolution, then the obligations of the Administration to such Parties shall be discharged and satisfied. In such event, the Trustee shall pay over or deliver to the Administration all money or securities held by it pursuant to the Bond Resolution which are no longer required for the payment or redemption of Bonds not already then surrendered for such payment or redemption or for the payment of Parity Obligations, other than Parity Bonds, and Subordinate Contract Obligations, other than Subordinate Bonds, which are no longer required for such payments. **[§1101(a)]**

Pursuant to the Bond Resolution, all Bonds will, prior to their maturity or redemption date, be deemed to have been paid pursuant to the Bond Resolution if, among other things, there is deposited with the Trustee either money in an amount which is sufficient, or Government Obligations the principal of and interest on which when due will provide money which, without reinvestment, when added to the money, if any, deposited with such Trustee at the same time, is sufficient to pay the principal of those Bonds at maturity, or on sinking fund installment dates for Term Bonds, or the principal, redemption premium, if any, and interest due and to become due on those Bonds on and prior to the redemption date or maturity date (or sinking fund installment dates for Term Bonds) of the Bonds, as the case may be. **[§1101(b)]**

Trustee

The Trustee is required to undertake the duties and obligations imposed upon it under the Bond Resolution and each of the Series Resolutions. If an Event of Default has occurred and is continuing, the Trustee is required to exercise such of the rights and powers vested in it by the Bond Resolution, and is required to use the same degree of care that a prudent person would exercise in the circumstances in the conduct of such person's own affairs. However, the Trustee is under no obligation or duty to perform any act which would involve it in expense or liability, to institute or defend any action or suit in respect of the Bond Resolution or Bonds, or to advance any of its own moneys, unless properly indemnified in accordance with the Bond Resolution. The Bond Resolution provides that the Trustee will not be liable in connection with the performance of its duties under the Bond Resolution, except for its own negligence or default. **[§§801-803]**

The Trustee may resign and thereby become discharged from the trusts, by notice in writing to be given to the Administration and mailed, first class, postage prepaid, to all Registered Owners of Bonds at their addresses as they appear on the registration books kept by the Trustee, not less than sixty (60) days before such resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee, if such new Trustee is appointed before the time limited by such notice and then accepts the trusts. The Bond Resolution provides that no resignation of the Trustee is effective if an Event of Default, or any event which upon the passage of time would be an Event of Default has occurred and is continuing except upon the consent of Owners of a majority in principal amount of the Outstanding Bonds. **[§812]**

Subject to the Bond Resolution, the Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the Owners of not less than a majority in principal amount of the Outstanding Bonds and filed with the Administration. A facsimile copy of each such instrument is required to be delivered promptly by the Administration to the Trustee. The Trustee may also be removed at any time for reasonable cause by any court of competent jurisdiction upon the application of Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds. The Trustee may be removed at any time by the Administration (provided that the Administration is not in default under the Bond Resolution) in its sole discretion by written notice to the Trustee. **[§813]**

APPENDIX E

OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION

Outstanding Residential Revenue Bonds

The following table sets forth certain information relating to Bonds issued by the Administration under the Bond Resolution outstanding as of January 1, 2012.

	Effective Bond Yield	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Residential Revenue Bonds						
1998 Series D	5.080895%	1998	9/1/2029	$ 62,810,000	$ 24,595,000	
1999 Series C	4.981370%	1999	9/1/2015	2,665,000	2,020,000	
1999 Series D	5.258230%	1999	9/1/2031	57,335,000	24,145,000	
2001 Series A	4.689417%	2001	9/1/2017	18,885,000	7,365,000	
2001 Series B	5.329877%	2001	9/1/2032	50,800,000	6,510,000	
2001 Series H	5.246263%	2001	9/1/2033	49,900,000	31,000,000	(1)
2003 Series A	3.642019%	2003	9/1/2015	9,550,000	3,865,000	(1)
2003 Series B	4.650537%	2003	9/1/2026	15,450,000	3,155,000	(1)
2003 Series C	(2)	2003	9/1/2035	20,000,000	20,000,000	(1)
2004 Series A	3.806300%	2004	9/1/2016	10,710,000	5,510,000	(1)
2004 Series B	4.799120%	2004	9/1/2028	19,290,000	3,975,000	(1)
2004 Series D	4.029268%	2004	9/1/2016	12,960,000	6,505,000	(1)
2004 Series E	5.081152%	2004	3/1/2030	27,040,000	10,020,000	(1)
2004 Series F	(2)	2004	9/1/2035	20,000,000	20,000,000	(1)
2004 Series G	3.310198%	2004	9/1/2016	13,445,000	6,630,000	(1)
2004 Series H	4.621570%	2004	9/1/2029	26,555,000	10,210,000	(1)
2004 Series I	(2)	2004	9/1/2035	20,000,000	20,000,000	(1)
2005 Series A	3.655208%	2005	9/1/2016	12,640,000	6,835,000	(1)
2005 Series B	4.792302%	2005	9/1/2029	27,360,000	15,700,000	(1)
2005 Series D	3.910070%	2005	9/1/2017	13,485,000	7,990,000	(1)
2005 Series E	4.974120%	2005	9/1/2036	46,515,000	36,480,000	(1)
2006 Series A	3.983190%	2006	9/1/2017	12,020,000	7,705,000	(1)
2006 Series B	4.984790%	2006	9/1/2037	47,980,000	40,365,000	(1)
2006 Series E	4.199900%	2006	9/1/2017	23,540,000	15,155,000	(1)
2006 Series F	5.307100%	2006	9/1/2039	56,460,000	35,245,000	(1)
2006 Series G	(2)	2006	9/1/2040	40,000,000	40,000,000	(1)
2006 Series H	4.102933%	2006	9/1/2017	17,670,000	11,400,000	(1)
2006 Series I	5.204300%	2006	3/1/2041	142,330,000	98,675,000	(1)
2006 Series J	(2)	2006	9/1/2040	60,000,000	60,000,000	(1)
2006 Series K	4.111420%	2006	9/1/2017	15,000,000	9,710,000	(1)
2006 Series L	5.062770%	2006	3/1/2041	165,000,000	137,875,000	(1)
2006 Series O	3.829481%	2006	9/1/2017	10,000,000	6,440,000	(1)
2006 Series P	4.858303%	2006	9/1/2037	85,000,000	70,300,000	(1)
2006 Series S	6.135383%	2006	9/1/2037	25,000,000	21,205,000	(3)
2007 Series A	4.951603%	2007	9/1/2047	270,000,000	231,605,000	(1)
2007 Series B	6.065560%	2007	9/1/2037	30,000,000	25,980,000	(3)
2007 Series C	3.944500%	2007	9/1/2017	45,000,000	31,840,000	(1)
2007 Series D	4.924814%	2007	3/1/2048	175,000,000	152,250,000	(1)
2007 Series E	6.031685%	2007	9/1/2042	49,375,000	44,870,000	(4)
2007 Series F	(2)	2007	9/1/2031	46,485,000	43,705,000	(7)
2007 Series G	4.245422%	2007	9/1/2017	61,605,000	39,890,000	
2007 Series H	5.150783%	2007	3/1/2048	63,395,000	60,420,000	
2007 Series I	6.523650%	2007	9/1/2043	62,800,000	58,005,000	(4)
2007 Series J	(2)	2009	9/1/2031	58,680,000	53,970,000	(5)

Outstanding Residential Revenue Bonds - continued

	Effective Bond Yield	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
2007 Series K	3.761910%	2007	9/1/2017	$ 30,000,000	$ 19,755,000	
2007 Series M	(2)	2007	9/1/2043	29,050,000	29,050,000	(6)
2008 Series A	3.895197%	2008	9/1/2017	60,000,000	50,850,000	
2008 Series B	3.909668%	2008	9/1/2017	19,770,000	13,825,000	
2008 Series C	5.453421%	2008	9/1/2048	80,230,000	65,510,000	
2008 Series D	(2)	2008	9/1/2038	50,000,000	49,890,000	
2008 Series E	4.290850%	2008	9/1/2017	21,500,000	18,000,000	
2008 Series F	5.500088%	2008	9/1/2038	18,500,000	7,650,000	
2009 Series A	4.798085%	2009	9/1/2039	40,000,000	38,460,000	
2009 Series B	4.516954%	2009	9/1/2039	45,000,000	43,195,000	
2009 Series C	4.227838%	2009	9/1/2039	15,985,000	15,340,000	
2010 Series A	4.416792%	2010	3/1/2021	28,465,000	27,295,000	
2010 Series B	5.325532%	2010	9/1/2035	40,000,000	39,705,000	
2011 Series A	4.494892%	2011	9/1/2041	70,825,000	70,825,000	(1)
2011 Series B	(2)	2011	3/1/2036	20,000,000	20,000,000	(1)
Total Residential Revenue Bonds				$ 2,669,060,000	$ 2,078,470,000	

Other Outstanding Bonds of the Administration

The following table sets forth certain information relating to Bonds issued by the Administration under its other programs and outstanding as of January 1, 2012.

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Single Family Housing Revenue Bonds				
2011 Series A (New Issue)	2011	3/1/2027	$ 40,310,000	$ 40,310,000
2009 Series A-1 (Released Program Bonds)	2011	9/1/2041	60,460,000	60,460,000
2011 Series B (New Issue)	2011	3/1/2027	40,000,000	40,000,000
2009 Series A-2 (Released Program Bonds)	2011	9/1/2041	60,000,000	60,000,000
2011 Series C (New Issue)	2011	3/1/2027	22,555,000	22,555,000
2009 Series A-3 (Released Program Bonds)	2011	9/1/2041	33,830,000	33,830,000
Total Single Family Housing Revenue Bonds			$ 257,155,000	$ 257,155,000
Housing Revenue Bonds				
Series 1996 A	1996	7/1/2023	$ 137,385,000	$ 11,490,000
Series 1996 B	1996	7/1/2028	2,575,000	1,365,000
Series 1999 A	1999	7/1/2041	16,345,000	14,630,000
Series 1999 B	1999	7/1/2042	15,840,000	9,330,000
Series 1999 D	1999	7/1/2042	14,565,000	5,700,000
Series 2000 A	2000	7/1/2042	27,445,000	25,245,000
Series 2001 A	2001	7/1/2043	29,645,000	14,825,000
Series 2001 B	2001	7/1/2043	47,630,000	30,020,000
Series 2002 A	2002	7/1/2043	9,500,000	8,810,000
Series 2002 B	2002	7/1/2045	34,435,000	31,135,000
Series 2002 C	2002	7/1/2035	6,740,000	6,035,000
Series 2002 D	2002	7/1/2035	8,280,000	7,495,000
Series 2003 A	2003	7/1/2045	24,730,000	23,270,000
Series 2003 B	2003	7/1/2045	17,660,000	16,380,000
Series 2003 C	2003	7/1/2045	10,735,000	10,150,000
Series 2003 D	2003	7/1/2045	12,080,000	11,350,000

Other Outstanding Bonds of the Administration

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Housing Revenue Bonds continued				
Series 2004 B	2004	7/1/2046	$ 20,320,000	$ 19,000,000
Series 2004 C	2004	1/1/2047	36,515,000	33,950,000
Series 2004 D	2004	7/1/2037	3,270,000	1,450,000
Series 2005 A	2005	1/1/2047	6,385,000	6,065,000
Series 2005 B	2005	1/1/2047	19,355,000	18,425,000
Series 2005 C	2005	7/1/2047	13,985,000	12,230,000
Series 2006 A	2006	7/1/2047	10,800,000	9,575,000
Series 2006 B	2006	1/1/2039	4,800,000	2,810,000
Series 2006 C	2006	7/1/2036	2,120,000	1,925,000
Series 2006 D	2006	7/1/2048	8,000,000	4,310,000
Series 2007 A	2007	1/1/2049	22,435,000	20,865,000
Series 2007 B	2007	1/1/2038	4,875,000	4,750,000
Series 2007 C	2007	1/1/2043	2,310,000	1,495,000
Series 2008 A	2008	7/1/2038	5,845,000	5,535,000
Series 2008 B	2008	7/1/2049	17,360,000	10,120,000
Series 2008 C	2008	7/1/2048	11,380,000	7,380,000
Series 2008 D	2008	7/1/2039	5,110,000	3,780,000
Series 2009 A	2009	7/1/2041	8,755,000	7,460,000
Total Housing Revenue Bonds			$ 619,210,000	$ 398,355,000
Multi-Family Mortgage Revenue Bonds				
Series 2010 A (New Issue)	2010	7/1/2030	$ 8,410,000	$ 8,300,000
Series 2009 A-1 (Released Program Bonds)	2010	7/1/2051	24,380,000	24,380,000
Series 2010 B (New Issue)	2010	7/1/2045	16,730,000	16,730,000
Series 2009 A-2 (Released Program Bonds)	2010	7/1/2051	6,610,000	6,610,000
Series 2010 C (New Issue)	2010	9/1/2013	4,105,000	4,105,000 (8)
Series 2009 A-3 (Released Program Bonds)	2010	1/1/2044	5,410,000	5,410,000 (8)
Series 2010 D (New Issue)	2010	1/1/2035	6,880,000	6,880,000
Series 2009 A-4 (Released Program Bonds)	2010	7/1/2051	10,760,000	10,760,000
Series 2011 A (New Issue)	2011	7/1/2026	2,190,000	2,190,000
Series 2009 A-5 (Released Program Bonds)	2011	7/1/2051	8,460,000	8,460,000
Series 2011 B (New Issue)	2011	1/1/2028	8,680,000	8,680,000
Series 2009 A-6 (Released Program Bonds)	2011	7/1/2051	13,230,000	13,230,000
Series 2011 C (New Issue)	2011	7/1/2051	16,685,000	16,685,000
Series 2009 A-7 (Released Program Bonds)	2011	7/1/2051	23,190,000	23,190,000
Total Multi-Family Mortgage Revenue Bonds			$ 155,720,000	$ 155,610,000
Infrastructure Financing Bonds (MBIA Insured)				
1997 Series A	1997	6/1/2027	$ 9,860,000	$ 660,000
1998 Series A	1998	6/1/2018	6,320,000	180,000
1998 Series B	1998	6/1/2028	30,320,000	6,260,000
1998 Series C	1998	12/1/2020	2,845,000	485,000
1999 Series A	1999	6/1/2029	6,985,000	4,575,000
2001 Series A	2001	6/1/2031	8,460,000	2,325,000
Total Infrastructure Financing Bonds (MBIA Insured)			$ 64,790,000	$ 14,485,000

Other Outstanding Bonds of the Administration

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding	
Local Government Infrastructure Bonds (Ambac Insured)					
2002 Series A	2002	6/1/2032	$ 11,790,000	$ 7,975,000	
2002 Series B	2002	6/1/2022	3,555,000	195,000	
2003 Series A	2003	6/1/2023	14,560,000	5,780,000	
2004 Series A	2004	6/1/2034	16,375,000	10,745,000	
2004 Series B	2004	6/1/2034	4,735,000	3,945,000	
2005 Series A	2005	6/1/2030	9,345,000	7,515,000	
2006 Series A	2006	6/1/2026	8,940,000	6,490,000	
2007 Series A	2007	6/1/2037	11,460,000	9,720,000	
2007 Series B	2007	6/1/2027	24,575,000	20,350,000	
Total Local Government Infrastructure Bonds (Ambac Insured)			$ 105,335,000	$ 72,715,000	
Local Government Infrastructure Bonds					
2010 Series A-1 (Senior Obligations)	2010	6/1/2030	$ 19,395,000	$ 18,525,000	
2010 Series A-2 (Subordinate Obligations)	2010	6/1/2030	8,515,000	8,140,000	
Total Local Government Infrastructure Bonds			$ 27,910,000	$ 26,665,000	
Multifamily Development Revenue Bonds					
1990 Issue B (Middle Branch Manor)	1990	6/1/2020	$ 12,350,000	$ 7,500,000	(2)
1990 Issue C (Harbor City Townhomes)	1990	6/1/2020	4,150,000	2,550,000	(2)
Series 1998 A (Auburn Manor Project)	1998	10/1/2028	11,000,000	8,400,000	
Series 1999 A (GNMA-Selborne House Project)	1999	12/20/2040	2,150,000	1,960,000	
Series 2000 B-1 (Edgewater Village Apartments)	2000	2/1/2033	7,640,000	5,660,000	
Series 2000 B-2 (Edgewater Village Apartments)	2000	2/1/2033	3,125,000	3,125,000	
Series 2000 C (Park Montgomery Apartments)	2000	2/1/2031	6,170,000	4,320,000	
Series 2001 C (Parklane Apartments Project)	2001	2/15/2034	9,800,000	9,800,000	(2)
Series 2001 D (Princess Anne Townhouses)	2001	12/15/2033	4,350,000	3,415,000	
Series 2001 E (Princess Anne Townhouses)	2001	12/15/2033	2,875,000	2,550,000	(2)
Series 2001 F (Waters Tower Senior Apts.)	2001	12/15/2033	7,570,000	5,885,000	
Series 2001 G (Waters Tower Senior Apts.)	2001	12/15/2033	4,045,000	3,580,000	(2)
Series 2002 B (Broadway Homes Project)	2002	5/1/2020	5,045,000	2,155,000	
Series 2002 C (Orchard Mews Apartment Project)	2002	5/1/2035	5,845,000	5,010,000	
Series 2003 A (Barrington Apartments Project)	2003	6/15/2037	40,000,000	39,905,000	(2)
Series 2005 A (Fort Washington Manor Sr. Housing)	2005	11/15/2038	14,000,000	13,365,000	(2)
Series 2005 B (Washington Gardens)	2005	2/1/2036	5,000,000	2,350,000	
Series 2006 A (Barclay Greenmount Apartments)	2006	4/1/2035	4,535,000	3,620,000	
Series 2006 B (Charles Landing South Apartments)	2006	12/1/2036	3,375,000	3,375,000	(2)
Series 2007 A (Brunswick House Apartments)	2007	10/1/2037	3,000,000	1,980,000	
Series 2007 B (Park View at Catonsville)	2007	12/1/2037	5,200,000	4,750,000	(2)
Series 2008 A (Walker Mews Apartments)	2008	5/1/2048	11,700,000	11,700,000	(2)
Series 2008 B (Shakespeare Park Apartments)	2008	5/1/2038	7,200,000	7,200,000	(2)
Series 2008 C (The Residences at Ellicott Gardens)	2008	12/1/2040	9,105,000	6,175,000	(2)
Series 2008 D (Crusader Arms Apartments)	2008	2/1/2041	3,885,000	2,660,000	(2)
Series 2008 E (MonteVerde Apartments)	2008	3/1/2041	15,200,000	15,200,000	(2)
Series 2008 F (Hopkins Village Apartments)	2008	11/1/2038	9,100,000	9,100,000	(2)
Series 2008 G (Kirkwood House Apartments)	2008	12/1/2038	16,000,000	16,000,000	(2)
Series 2009 A (Sharp Leadenhall Apartments)	2009	3/1/2041	16,950,000	16,950,000	(2)
Series 2010 A (C.W. Brooks Mid-Rise)	2010	6/1/2012	6,900,000	6,900,000	
Total Multi-Family Development Revenue Bonds			$ 257,265,000	$ 227,140,000	

Other Outstanding Bonds of the Administration

	Year of Issue	Final Maturity	Amount Issued	Amount Outstanding
Multifamily Development Revenue Refunding Bonds				
Series 1997 (Avalon Lea Apartments Project)	1997	6/15/2026	$ 16,835,000	$ 16,835,000 (2)
Total Multifamily Development Revenue Refunding Bonds			$ 16,835,000	$ 16,835,000
Capital Fund Securitization Revenue Bonds				
Series 2003	2003	7/1/2021	$ 94,295,000	$ 69,480,000
Total Capital Fund Securitization Revenue Bonds			$ 94,295,000	$ 69,480,000
Local Government Infrastructure Bonds				
2011 Series A (Mayor and City Council of Cumberland Issue)	2011	6/1/2032	$ 12,275,000	$ 12,275,000
Total Local Government Infrastructure Bonds			$ 12,275,000	$ 12,275,000
Total Amount of Other Bonds Outstanding			$ 1,610,790,000	$ 1,250,715,000
Total Amount of Residential Revenue Bonds Outstanding (9)			$ 2,669,060,000	$ 2,078,470,000
Total Amount of All Bonds Outstanding			$ 4,279,850,000	$ 3,329,185,000

(1) Certain prepayments of mortgage loans financed with the proceeds of such series of bonds are to be applied first to the redemption of certain bonds within such series.
(2) These are variable rate bonds that are repriced according to the terms in the respective Official Statement.
(3) These are taxable pass through bonds.
(4) These are taxable bonds with redemption provisions pertaining only to these bonds. For a description of the redemption provisions refer to the Official Statement.
(5) These bonds were remarketed September 24, 2009 from taxable to tax-exempt. The bonds were originally issued on August 9 2007 in the amount of $62,200,000. For a description of the redemption provisions refer to the Official Statement.
(6) These bonds were remarketed October 8, 2009 from taxable to tax-exempt. The bonds were originally issued on December 12, 2007 in the amount of $30,000,000. For a description of the redemption provisions refer to the Official Statement.
(7) These bonds were remarketed October 27, 2009 from taxable to tax-exempt. The bonds were originally issued on June 20, 2007 in the amount of $50,625,000. For a description of the redemption provisions refer to the Official Statement.
(8) Multi-Family Mortgage Revenue Bonds Series 2010 C and Series 2009 A-3 are non-parity bonds under this bond resolution. These bonds are special obligations payable solely from the trust estate pledged under the series resolution.
(9) See information under caption "Outstanding Residential Revenue Bonds" above.

For updated information on issuances and/or redemptions after January 1, 2012, please refer to the website www.mdhousing.org, Investor Information.

APPENDIX F

COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS
TEN YEAR RULE PERCENTAGES

Bond Series	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
1998 Series A/B	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1998 Series D	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1999 Series C/D	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1999 Series E/F	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
1999 Series H	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2000 Series A/B	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2000 Series F/G	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2001 Series A/B	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2001 Series E/F	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2001 Series G/H	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2002 Series A	98.57%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2003 Series A/B/C	54.68%	54.69%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2004 Series A/B/C	52.87%	52.87%	52.87%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2004 Series D/E/F	49.75%	49.76%	49.76%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2004 Series G/H/I	49.85%	49.85%	49.85%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2004 Series J/K	99.99%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2005 Series A/B/C	20.75%	20.75%	20.75%	20.75%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2005 Series D/E	81.41%	81.41%	81.41%	81.41%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2006 Series A/B/C/D	72.77%	72.77%	72.96%	72.96%	72.96%	100.00%	100.00%	100.00%	100.00%	100.00%
2006 Series E/F/G	19.20%	19.20%	19.20%	19.20%	19.20%	100.00%	100.00%	100.00%	100.00%	100.00%
2006 Series H/I/J	7.87%	7.87%	7.87%	7.87%	7.87%	100.00%	100.00%	100.00%	100.00%	100.00%
2006 Series K/L/M/N	48.07%	48.07%	48.13%	48.32%	58.31%	100.00%	100.00%	100.00%	100.00%	100.00%
2006 Series O/P/Q/R	57.53%	57.60%	57.71%	57.91%	58.06%	100.00%	100.00%	100.00%	100.00%	100.00%
2007 Series A	13.29%	13.33%	13.33%	13.33%	13.33%	13.45%	100.00%	100.00%	100.00%	100.00%
2007 Series C/D	31.85%	31.86%	31.89%	32.02%	38.64%	66.27%	100.00%	100.00%	100.00%	100.00%
2007 Series G/H	43.15%	43.19%	43.46%	44.56%	47.38%	58.43%	100.00%	100.00%	100.00%	100.00%
2007 Series K/L	60.45%	60.51%	60.62%	60.95%	61.42%	100.00%	100.00%	100.00%	100.00%	100.00%
2008 Series A	70.98%	71.08%	71.39%	72.92%	74.66%	99.91%	100.00%	100.00%	100.00%	100.00%
2008 Series B/C/D	34.72%	34.79%	35.20%	37.21%	38.99%	44.97%	46.51%	100.00%	100.00%	100.00%
2008 Series E/F	40.55%	40.63%	41.09%	43.02%	44.47%	51.49%	53.33%	100.00%	100.00%	100.00%
2009 Series A/2007 Series J	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
2009 Series B/2007 Series M	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
2009 Series C/ 2007 Series F	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%
2010 Series A	76.59%	76.59%	76.59%	76.59%	76.59%	76.59%	76.59%	76.59%	100.00%	100.00%
2010 Series B	36.81%	36.81%	60.37%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2011 Series A/B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

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

Introduction

The Administration has prepared the following description of the FHA mortgage insurance program, the VA Home Loan Guaranty Program, the USDA/RD Mortgage Guaranty Program, and private mortgage insurance. This description is only a brief outline and does not purport to summarize or describe all of the provisions of these programs, and the Administration does not warrant or represent the accuracy or completeness of such description. For a more complete description of the terms of this program, reference is made to the provisions of the insurance and guaranty contracts embodied in the regulations of FHA, VA and USDA/RD, respectively, and of the regulations, master insurance contracts and other such applicable information for those programs and for applicable private mortgage insurance. Credit Enhancement for Mortgage Loans made or purchased by the Administration with the proceeds of the 2008 Series D Bonds is limited by the Bond Resolutions to insurance under the FHA insurance program, the VA Home Loan Guaranty Program, the USDA/RD Guarantee Program, and private mortgage insurance (described below). In addition, Mortgage Loans may be insured by the Maryland Housing Fund. See THE MHF INSURANCE PROGRAM below. Moreover, Mortgage Loans with a loan-to-value ratio of 80% or less are not required to have a credit enhancement as described above. If a Loan without credit enhancement is supported by secondary financing, then such financing must be acceptable to the Administration. The secondary financing may include, for example, certain grants or loans from governmental or non-profit entities; any loans must be non-amortizing or amortize at an interest rate below the market rate. However, the Bond Resolution does not require that a Loan financed in the future be secured by Credit Enhancement. Credit Enhancement of all or a portion of a Loan, if any, will be provided in accordance with the provisions therefor set forth in the Series Resolution authorizing a particular Series of Bonds. Credit Enhancement of Loans includes (but is not limited to) any credit enhancement, insurance, guaranty, risk-sharing arrangement or any other form of credit support for a Loan (or any portion thereof) as provided in any Series Resolution or Supplemental Resolution and it is possible that insurance benefits under other federal, State or private programs in which the Administration may participate could have different terms.

FHA Mortgage Insurance Program

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

Mortgage Loans shall bear interest at a rate agreed upon by the mortgagee and Borrower. Mortgage Loans under any of the foregoing programs must be in conformity with the maximum mortgage loan amount limitations and minimum downpayment requirements specified in the Housing Act and the regulations promulgated thereunder. In addition, the Borrower must establish to the satisfaction of FHA that his or her income is adequate to meet the periodic payments required on the mortgage loan.

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

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

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

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

VA Home Loan Guaranty Program

The Servicemen's Readjustment Act of 1944, as amended, permits a veteran (or in certain instances, the veteran's spouse) to obtain a loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans with terms of up to 30 years and 32 days. VA will guarantee up to 50 percent of a home loan up to $45,000. For loans between $45,000 and $144,000, the minimum guaranty amount is $22,500; and the maximum guaranty is up to 40 percent of the loan, up to $36,000, subject to the amount of entitlement a veteran has available. For loans of more than $144,000 the maximum guaranty is the lesser of 25 percent of the loan or the dollar amount that is equal to 25 percent of the Federal Home Loan Mortgage Corporation conforming loan limitation determined under Section 505(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)) for a single-family residence, as adjusted for the year involved. The liability on the guarantee is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage lender will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guarantee, as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

USDA/RD Mortgage Guarantee Program

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

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

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

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

Private Mortgage Insurance

Each private mortgage insurance policy with respect to a Mortgage Loan must contain provisions substantially as follows: (a) the mortgage insurer must pay a claim, including unpaid principal, accrued interest, the amounts equal to deferred interest in connection with Mortgage Loans with graduated payments schedules, if any, and expenses, within sixty days of presentation of the claim by the Administration; (b) when a claim for the outstanding principal amount, accrued interest and expenses is presented, the mortgage insurer must either (i) pay such claim in full and take title to the mortgaged property and arrange for its sale or (ii) pay the insured percentage of such claim and allow the Administration to retain title to the mortgaged property or (iii) settle a claim for actual losses where such losses are less than the insured percentage of the claim. (See the "Homeowners Protection Act" below for a discussion of federal legislation that affects private mortgage insurance.) *Recent rating agencies' reviews of private mortgage insurers may be indicative of some future inability of these insurers generally to fulfill in full their obligations, if and when required upon a mortgage default, to make timely payments on policies. The Administration makes no representation regarding the financial condition of any of the private mortgage insurance companies or their ability to make full and timely payments to the Administration on Mortgage Loans on which losses are incurred.*

Homeowners Protection Act

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

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

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

THE MHF INSURANCE PROGRAM

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

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

In early 1997, the Department suspended all new insurance activity of MHF (except for pool insurance for certain Single Family loans), partly as a result of concerns expressed by Moody's Investor Services ("Moody's") during the 1996 and 1997 rating review. The Department responded to the concerns and took appropriate steps. Since that time, MHF has opened new programs.

In 2002, the Department re-opened a limited program of MHF insuring mortgage loans known as "SHOP" (Special Housing Opportunities Program) that finance or refinance the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population which are owned by and sponsored by nonprofit organizations. Moody's advised the Administration that such a re-opened program, implemented in the limited manner proposed by the Administration, would not affect the Moody's rating on the Administration's Bonds.

The Administration has been designated as a participant in the federal Housing and Urban Development's ("HUD") Risk-Sharing Program (the "Risk-Sharing Program") for Multi-Family loans. Under the Risk-Sharing Program, upon payment of a claim by the Federal Housing Authority ("FHA"), the Administration would be responsible for reimbursement to FHA of up to 50% of such claim. The Administration expects that MHF would reimburse the Administration for its share of such losses. Subsequent to 1997, the Administration participated in the Risk-Sharing Program only in connection with the refinancing of loans currently insured by MHF where the Administration expected that risk-sharing will decrease the dollar amount of MHF's insurance exposure with respect to such loans. In 2004, the Department expanded its MHF insurance program to authorize MHF insurance on a case-by-case basis for new loans financed by Bonds, including loans with credit enhancement under the Risk-Sharing Program. Moody's advised the Administration that such a re-opened program, implemented in the limited manner proposed by the Administration, would not affect Moody's rating on the Administration's Bonds.

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

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

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

For fiscal year 2003, the Maryland Department of Legislative Services asked MHF and the Administration whether there were funds available for transfer to the State. After being advised by Moody's that a transfer, in and of itself, would not have an adverse effect on the rating of the Administration's outstanding parity debt, including the Bonds, MHF transferred $10 million from the Unallocated Reserve to the State. There was no transfer in 2004, 2005, 2006, or 2007. Legislation was enacted during the 2008 session requiring another $10 million to be transferred and beginning in fiscal year 2010, any amount in the Unallocated Reserve at the end of any fiscal year that exceeds an amount necessary to provide backing for insurance issued by MHF by more than $10 million, be transferred to the Department's revolving housing loan funds. For June 30, 2009, 2010, and 2011, MHF transferred $5.7 million, $2.7 million, and $2.1 million respectively. For more information, see "MANAGEMENT'S PRESENTATION OF THE MHF PROGRAM" below.

Management's Presentation of the MHF Program

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

Financial Statements and Information

Audited financial statements of MHF for the years ended June 30, 2010, and June 30, 2011 are included in the Appendix I – "FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND." The financial statements for the fiscal years ended June 30, 2010 and June 30, 2011 have been audited by Reznick Group, P.C. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles and the audits conducted in accordance with auditing standards generally accepted in the United States. The financial statements of MHF are reported on a consolidated basis combining results of operations for all of the MHF Programs.

Income and Reserves

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

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

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

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

Statements of Net Assets Discussion

During the fiscal year ended June 30, 2011, the overall equity decreased from $89,386,945 at June 30, 2010 to $79,780,938 at June 30, 2011. The net decrease of $9,606,007 is primarily due to anticipated insurance losses and an increase in net premiums. During the six-month period ended December 31, 2011, the overall equity decreased from $79,780,938 at June 30, 2011 to $78,525,922 at December 31, 2011. The decrease of $1,255,016 is primarily due to the transfer of $2.1 million to the Department's revolving housing loan funds as referenced above.

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

In fiscal year 2011 and to date in fiscal year 2012, MHF has paid claims directly from the reserve funds resulting in a reduction to the Unrestricted Accumulated Deficit. During the fiscal year ended June 30, 2011 the Unrestricted Accumulated Deficit decreased from $13,992,491 to a deficit of $9,633,081 and during the six-month period ended December 31, 2011, the Unrestricted Accumulated Deficit decreased from $9,633,081 to a deficit of $9,156,429.

Discussion of Changes in Net Assets

During the fiscal year ended June 30, 2011, MHF reported a Change in Net Assets of ($6,923,635). The change is due mainly to an increase in the allowance for insurance losses. Interest earned on the reserves for fiscal year ended June 30, 2011 in the amount of $2,050,896 flowed directly to the Unallocated Reserves.

During the six-month period ended December 31, 2011, MHF reported a Change in Net Assets of $795,880. The change is due primarily to increased revenues from premiums and decrease in the allowance for insurance losses. Interest earnings for the six-month period ended December 31, 2011 in the amount of $628,989 flowed directly to the Unallocated Reserves.

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

Discussion of Operating Cash Account

Selected Activity in MHF's Operating Cash Account

The following table is management's presentation of activity in MHF's operating cash account as of December 31, 2011.

	Single Family	Multi-Family	Total
Premiums Collected[1]	$ 1,123,412	$ 670,466	$ 1,793,878
Operating Expenses Paid[2]	(643,874)	(1,007,086)	(1,650,960)
Premiums Net of Operating Expenses	479,538	(336,620)	142,918
Claims[3]	(3,129,143)	-	(3,129,143)
Recoveries[4]	51,504	19,757	71,261
Net Claim Activity[5]	(3,077,639)	19,757	(3,057,882)
Other	(12,027)	14,218	2,191
Net Cash from Operating Activities	$ (2,610,128)	$ (302,645)	$ (2,912,773)

(1) Premiums collected as stated in the Statement of Cash Flows.
(2) Operating expenses include salaries and benefits, general administrative and intradepartmental expenses.
(3) Amount includes principal, interest and supplemental expenses incurred on claims and carrying costs on acquired properties.
(4) Includes proceeds collected on the sale of loans or acquired properties.
(5) Amount includes changes in other assets and liabilities such as mortgage receivables, notes payables, and escrows.

During the fiscal year ended June 30, 2011, the net cash activity in MHF's operating cash was ($172,914) for Single Family and $1,403,519 for Multi-Family. The change in Single Family is due to claim payments. The change in Multi-Family is a result of premiums collected for new risk-shared loans.

During the six-month ended December 31, 2011, the net cash activity in MHF's operating cash was ($2,610,128) for Single Family and ($302,645) for Multi-Family. The change in Single Family is due to claim payments. The change in Multi-Family is due increased administrative costs.

Liquidity

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

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

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

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

Discussion of Leverage Ratios

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

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

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

MHF and the Administration have entered into an agreement to supplement the 2010 Single Family Insurance Agreement (the "Supplemental Agreement") effective January 1, 2011. The Administration currently has single family mortgages insured with private mortgage insurance ("PMI Insurance") that covers 35% of the mortgage. Under the Supplemental Agreement, MHF would cover 50% of the losses not covered by the PMI Insurer. Claims arising under the Supplemental Agreement will be paid from the Single Family Regular Reserve and MHF's losses may not exceed $12.5 million. In return the Administration will pay a monthly premium based on the mortgage balance at December 31, 2010.

Selected Information about the Single Family Regular Reserve Ratios

	06/30/10	06/30/11	12/31/11
Single Family Regular Program Reserve[(1)(2)]	$ 33,773,875	$ 20,650,923	$20,341,162
Amount Available for Calculation of "Ratio of Insurance to Available Reserve[(3)]	33,773,875	20,650,923	20,341,162
Primary Insurance coverage in force[(4)]			
Insurance Agreement prior to 2005	17,783,824	15,708,890	14,738,348
Insurance Agreement post 2005	30,104,099	28,544,713	27,671,016
Pool Insurance coverage in force[(5)]	20,500,000	-	-
Reinsurance Program[(6)]	-	12,500,000	10,184,682
Ratio of Mortgage Loans to the Regular Reserve[(7)]	2.02 to 1	2.14 to 1	2.08 to 1

[(1)] The Single Family Program does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of December 31, 2011, MHF had committed no additional primary insurance coverage.
[(2)] Fund balances for MHF reserves are calculated in the same manner as in the financial statements of MHF and include investment income earned and allocated by the Secretary to the Single Family Regular Program Reserve.
[(3)] In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Reserve or the Multi-Family Reserve may be reduced in a manner determined by MHF to be appropriate. As of 12/31/11 there was no reduction in the Single Family Reserve to cover the accumulated deficit.
[(4)] The primary insurance coverage is 25% of the allowable claim for loans insured prior to 2005 under the Single Family Insurance Agreement ($58,953,391 at 12/31/11). The primary insurance coverage is 35% of the allowable claim for loans insured under the 2005 Single Family Insurance Agreement ($79,060,046 at 12/31/11).
[(5)] In 2010, MHF provided pool coverage for certain loans done by the Administration prior to 1997. Effective August 1, 2010 the Administration released MHF from any obligation to provide pool insurance for MHF Pool-Insured Loans.
[(6)] Effective January 1, 2011, MHF and the Administration entered into a Reinsurance Program for loans that the Administration had originated between 2005 and 2010. Under this program, MHF committed up to $12.5 million to cover losses incurred by the Administration. See further detail under supplemental 2010 Single Family Insurance Agreement.
[(7)] The ratio in the table is computed based on the maximum amount of risk rather than the aggregate amount of mortgage loans insured, where the maximum amount of risk is calculated by taking (i) the aggregate amount of pool insurance coverage required for the Administration; and then adding to that product (ii) the maximum amount of risk on loans insured under the Single Family Regular Program (see 4 above), and then dividing the sum of those two amounts by (iii) the amount of the Single Family Regular Program Reserve. As of June 30, 2011, MHF fully allowed for the $12.5 million for the Reinsurance Program by reducing the amount from the Single Family Regular Reserve Program. Therefore, the aggregate amount of reinsurance coverage is not included in the ratio.

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

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

Selected Information about the Multi-Family Reserve Ratio

		06/30/09		06/30/10		12/31/11
Total Multi-Family Reserve(1)	$	44,698,739	$	44,698,739	$	44,698,739
Amount Available for Calculation of "Ratio of Insurance to Available Reserve"(2)		43,388,620		44,698,739		44,698,739
Insurance Outstanding						
Multi-Family mortgage insurance in force		93,622,564		104,771,502		120,647,966
Ratio of Insurance to Available Reserve		2.16 to 1		2.34 to 1		2.70 to 1

(1) The Multi-Family Reserve does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of December 31, 2011, MHF had committed to additional mortgages in the amount of $14,288,850.

(2) In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Reserve or the Multi-Family Reserve may be reduced in a manner determined by MHF to be appropriate. As of 12/31/11 there was no reduction in the MF Reserve to cover the accumulated deficit.

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

Single Family Information

Additional Single Family Claims Potential

Under its Single Family Regular insurance program, MHF is not obligated to pay claims on Single Family insurance until after the insured lender has completed foreclosure, evicted the occupants of the properties (if necessary) and restored the property to a condition satisfactory to MHF. As a result, at any time there are a number of mortgages that have been foreclosed and which are likely to result in payment of claims but which have not yet reached the point where MHF recognizes them as liabilities in its financial statements. The total principal amount of such potential claims was $2,502,697 as of December 31, 2011. On a quarterly basis, MHF includes its projection of net losses with respect to these potential claims in its financial statements as part of the allowance for Single Family insurance losses. Although these amounts are not payable from the Multi-Family Reserve, they are potentially payable from other resources of MHF, including operating cash, the Unallocated Reserve and the Single Family Reserve.

Discussion of Single Family Operations

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

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

Single Family Claims Experience

The following chart sets forth information about claims on mortgage loans insured under the Single Family Regular Program Reserve, the Revitalization Reserve and the Home and Energy Loan Reserve. This data includes net claim activity for properties sold during fiscal years ending June 30, 2010, June 30, 2011 and the six-month period ended December 31, 2011. The data for all of these reporting periods are subject to adjustment due to additional expenses paid and proceeds received after December 31, 2011.

Single Family Claims Experience

	06/30/2010	06/30/2011	12/31/2011
Recoveries on Sales of Properties Acquired Through Claims During the Fiscal Year	$ 134,108	$ 123,507	$ 45,232
Claims Paid on Acquired Properties Sold During the Fiscal Year			
Principal	(221,154)	(184,503)	(58,915)
Interest	(16,963)	(15,861)	-
Expenses and Carrying Costs	(62,003)	(15,845)	(1,274)
Total Claims Paid	$ (300,120)	$ (216,209)	(60,189)
Net Loss on Acquired Properties Sold During the Fiscal Year	$ (166,012)	$ (92,702)	$ (14,957)

Single Family Insurance Agreement

The Single Family Insurance Agreement provides as follows:

(1) MHF will not decrease the amount of funds in the Single Family Regular Program Reserve as increased from time to time for any reason except to pay claims and advances against claims arising under the Program and for expenditures with respect to properties acquired by MHF as a result of payment of such claims.

(2) Except as necessary to pay claims and advances on claims and except for expenditures with respect to properties acquired by MHF as a result of payment of such claims, MHF will not exceed a certain leverage ratio. See “MANAGEMENT’S PRESENTATION OF THE MHF PROGRAM – Discussion of Leverage Ratios.”

(3) MHF will take all actions necessary for the qualification of Single Family Regular Program insurance as mortgage insurance from a qualified insurer within the meaning of Section 3.02(6)(2) of the Fannie Mae Charter Act.

(4) MHF and the Administration agree that MHF is released from any obligation to continue to provide pool insurance for loans originally covered by pool insurance under the 1980 Single Family Insurance Agreement.

Terms of Single Family Insurance Coverage

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

Primary Insurance, historically, under the 1980 Single Family Insurance Agreement, MHF issued Primary Insurance that covered up to 25% of the total claim depending upon initial loan-to-value ratio. Under the 2005Single Family Insurance Agreement, MHF issues Primary Insurance that covers the top 35% of the total claim. MHF Regulations provide that mortgage insurance may be terminated if: (1) the lender requests cancellation; (2) a claim is satisfied; (3) the mortgage is paid off; (4) a renewal premium is not paid by the mortgagee after its receipt of final notice from MHF; or (5) the mortgage terms are modified without MHF approval.

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

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

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

(1) Loan Assignment – MHF takes an assignment of the mortgage and pays the claim (but not including expenses of foreclosure and acquisition of title);

(2) Fixed Percentage Settlement – claim settlement under this option is applicable when MHF provides for payment based on a declared percentage of the outstanding loan amount before foreclosure sale, and MHF, under this method, also waives any interest in the subject property;

(3) Lender Acquisition Settlement – the lender acquires title at foreclosure (or by deed in lieu of foreclosure) and transfers title to MHF, and MHF pays the amount of the claim up to the percentage specified in the insurance policy; and,

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

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

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

Multi-Family Information

Multi-Family Insurance in Force and Available Reserves

The following table sets forth information about outstanding insurance on mortgage loans under MHF's Multi-Family program as of December 31, 2011. The amounts shown are net of debt service claim payments. The amounts shown do not include insurance on mortgage loans insured by MHF and reinsured by FHLMC. See "The FHLMC Reinsurance Agreement" below. The reinsured mortgage loans had an aggregate principal balance at December 31, 2011, of $5,374,610.

In addition to the loans listed below, as of June 30, 2011, 13 Single Family loans financed with the proceeds of Housing Revenue Bonds of the Administration, with outstanding principal balances in the aggregate amount of $170,027 are insured under the Multi-Family Reserves.

Outstanding Multi-Family Insurance as of December 31, 2011

LOAN CATEGORY	Loans with Outstanding Insurance	Original Insured Principal Amount	Outstanding Insured Principal Amount
Housing Revenue Bonds of the Administration[1]			
Multi-Family Projects	33	$98,893,805	$ 71,514,527
Other	54	9,619,060	8,610,793
Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) of the Administration[2]			
Multi-Family Projects	16	36,217,053	25,581,674
Other	66	7,157,017	4,876,980
General Bond Reserve Fund of the Administrations[3]	30	4,289,580	4,183,980
Housing Commission of Montgomery County[4]	3	13,678,000	5,880,013
TOTAL	202	$169,854,515	$ 120,647,967

(1) Loans financed with proceeds of the Administration's Housing Revenue Bonds. The Loans provided permanent financing or construction and permanent financing for developments located in 7 counties and the City of Baltimore. These Developments (not including SHOP) contain 1,562 units of which 670 units in 7 Developments are assisted under the Section 8 Program. The 54 project in the "Other" category represent 150 units for SHOP Loans that do not exceed 75% of the maximum acquisition cost set by the MMP.

(2) Loans financed with proceeds of the Administration's Multi-Family Housing Revenue Bonds (Insured Mortgage Loans). The Loans provided permanent financing or construction and permanent financing for developments located in 6 counties and the City of Baltimore. The Developments (not including SHOP) contain 1,475 of which 160 units in 2 Developments are assisted under the Section 8 Program. The mortgage loans were initially endorsed for insurance between 1982 and December 31, 1997. The 16 Multi-Family Projects include SHOP Loans that exceed 75% of the maximum acquisition cost set by the MMP; the 66 projects in the "Other" category represent 224 units for SHOP Loans that do not exceed 75% of the maximum acquisition cost set by the MMP.

(3) Loans financed with General Bond Reserve Funds for SHOP Loans; the 30 projects represent units for SHOP Loans that do not exceed 75% of the maximum acquisition cost set by the MMP.

(4) Insurance issued to the Housing Opportunities Commission of Montgomery County ("HOC") to insure loans financed with proceeds of bonds issued by HOC. The mortgage loans provided financing for developments containing 330 units. The mortgage loans were initially endorsed for insurance between 1980 and 1996.

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

Certain Additional Expected Multi-Family Claims

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

Discussion of Multi-Family Operations

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

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

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

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

MHF's Risk Rating of the Multi-Family Projects as of December 31, 2011

	Current Principal Balances	Percentage of Total Principal	Number of Loans	Number of Projects
"A" Loans:(1)	$113,607,189	94.16%	45	42
"B" Loans:	7,040,778	5.84%	8	7
Portfolio Totals:	$120,647,967	100%	53	49

(1) Included in the 'A' Loans, in the 'Current Principal Balance' column is $17,671,753 for 150 SHOP Loans which are not reflected in the 'Number of Loans' or 'Number of Projects' columns.

Portfolio Management. The Division is evaluating each of the loans in the "B" category to develop a plan for stabilizing the loans and reducing its potential for default. Strategies may include loan modification, use of additional resources, adjustments to funding of reserves for replacement going forward, and replacement of management agents. As of December 31, 2011, there were no loans in the "C" category.

Multi-Family Claims Experience

The following chart describes claims paid by MHF on loans insured under the Multi-Family Reserve as of December 31, 2011.

In the column entitled "Claims Net of Cash Recoveries," the figures show the result as of December 31, 2011. Workouts are in progress. See the individual footnotes below for further information.

MULTI-FAMILY CLAIMS PAID BY MHF
As of December 31, 2011

Development/Claim Status	Principal	Interest & Carrying Costs	Total	Recoveries	Claims Net of Cash Recoveries	Date Claim Paid
Closed Claims						
Single Family Mortgage Loans[1]	$ 309,392	$ -	$ 309,392	$ 346,620	$ 37,228	Various
Beethoven Apartments	40,000	-	40,000	40,000	-	
Douglynne Woods &Rhoda's Legacy	566,658	-	566,658	566,658	-	04/1982
Bond Street[2]	543,940	71,711	615,651	408,859	(206,792)	08/1989
Belleview-Manchester[3]	288,333	-	288,333	-	(288,333)	10/1990
Strathdale Manor Apartments[4]	10,700,000	2,376,830	13,076,830	-	(13,076,830)	05/1994
Walker Mill[5]	3,346,441	1,229,080	4,575,521	2,314,817	(2,260,704)	01/1997
Edmondale[6]	457,739	24,206	481,945	-	481,945	04/1997
Town Properties[7]	819,111	12,493	831,604	582,989	(248,615)	07/1997
Loch Raven[8]	12,103,623	1,065,472	13,169,095	9,080,444	(4,088,651)	02/1998
Village Home Apartments[9]	954,202	55,182	1,009,384	649,523	(359,861)	12/1998
Regent Apartments[10]	1,227,455	72,446	1,299,901	860,603	(439,298)	01/1999
Maple Avenue[11]	3,053,892	211,540	3,265,432	1,748,397	(1,517,035)	06/1999
Westfield Apartments[12]	4,401,438	390,924	4,792,362	2,910,539	(1,881,823)	11/1999
Westfield Gardens[13]	496,757	1,735	498,492	279,435	(219,057)	11/1999
Apartments at the Greens[14]	6,337,284	21,927	6,359,211	6,010,026	(349,185)	11/1999
Stewarttown[15]	2,543,590	-	2,543,590	2,150,000	(393,590)	12/1999
Telephone Apartments[16]	1,030,275	33,569	1,063,844	773,833	(290,011)	01/2001
Robinwood Townhomes[17]	2,451,741	218,057	2,669,798	2,630,807	(38,991)	11/2001
North Avenue Terraces[18]	1,155,285	48,762	1,204,047	750,000	(454,047)	07/2002
SHOP Loans[19]	772,987	78,925	851,912	725,068	(126,844)	03/2001
Bell Haven Apartments[20]	5,856,640	2,449,128	8,305,768	5,842,157	(2,463,611)	03/1996
Quail Run/Bay Street Properties[21]	1,182,578	37,677	1,220,255	1,186,575	(33,680)	03/2003
Tomall Apartments[22]	152,885	994	153,879	75,000	(78,879)	06/2004
Market Mews[23]	1,700,014	1,565,862	3,265,876	2,168,828	(1,097,048)	12/1985
Eastdale[24]	3,302,667	320,060	3,622,727	3,622,727	-	11/1999
Villages of Laurel[25]	5,036,854	607,133	5,643,987	5,643,987	-	11/1999
Hollins Townhouses[26]	2,445,475	1,073,289	3,518,764	2,052,599	(1,466,165)	10/1990
Claims where debt is outstanding						
Renaissance Plaza[27]	$ 6,907,349	$ 4,680,554	$11,587,903	$4,558,218	$(7,029,685)	02/1991
Mount Pleasant[28]	3,506,595	601,296	4,107,891	4,042,307	(65,584)	02/1996
Claims where REO is held						
Lease-Purchase[29]	$ 1,534,088	$82,619	$1,616,707	$ 880,712	$ (735,995)	05/1996

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

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

(3) Belleview-Manchester was a Construction Loan under Administration's HELP Program; secured by a second mortgage. First insured lender bought property at the foreclosure sale.

(4) Strathdale Manor Apartments Deed of Trust Note in the original principal amount of $14,285,000. Claim amount paid by MHF included $10,700,000 of original principal on the Note and $145,139 in interest. MHF paid $2,205,204 of operating deficits for the project. The proceeds of a letter of credit in the amount of $3,585,000 provided by Maryland National Bank were used to cover the rest of the original principal portion of the Note. As required by an intercreditor agreement between MHF and Maryland National Bank, MHF filed for foreclosure on August 4, 1994, and after prolonged negotiations with Baltimore City, the project developer, and other developers interested in further renovating the project proved unsuccessful, the property was sold to Baltimore City at foreclosure on April 15, 1997. The property was sold for an amount that was insufficient to provide any recovery to MHF.

[5] Walker Mill Deed of Trust Note in the original principal amount of $4,400,000, as modified by an allonge dated November 5, 1987, reducing the principal amount of the Note to $3,400,000. The Deed of Trust Note was sold and assigned to an unrelated third party purchaser on February 6, 1997.

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

[7] Town Properties Deed of Trust Note in the original principal amount of $884,984. The property was sold to an unrelated third party at foreclosure on August 7, 1997.

[8] Loch Raven Deed of Trust in the original principal amounts, as amended into two, Deed of Trust Notes: of $9,765,000 and $2,785,000, respectively. In return, the Administration accepted a demand note from MHF in the principal amount of $11,782,615, the amount of the outstanding indebtedness net of the non-refundable deposit for the sale of the Deed of Trust Notes bearing interest at 8.25%. The Deed of Trust Notes were sold and assigned to an affiliate of the borrower on February 3, 1998. MHF received net sale proceeds in the amount of $8,900,000, which were combined with additional claim payments totaling $2,890,216 to repay the claim note and accrued interest. The net loss on the transaction was paid from the Unallocated Reserve.

[9] Village Home Apartments Deed of Trust Note in the original principal amount of $986,856, dated September 30, 1993. The property was sold for $640,000. The Administration accepted a claim note from MHF for $1,009,109. MHF paid $318,664 plus $50,720 paid previously as pre-claim payments and $275 per diem interest and then signed over the proceeds to repay the claim note in December 1999.

[10] Regent Apartments Deed of Trust Note in the original principal amount of $1,255,000 dated September 16, 1994. The property was sold for $860,603. The Administration accepted a claim note from MHF for $1,299,265. MHF paid $383,187 plus $55,475 paid previously as pre-claim payments and $636 per diem interest and then signed over the proceeds to repay the claim note in January 1999.

[11] Maple Avenue Deed of Trust Note in the original principal amount of $3,150,000 dated March 12, 1992. The property was sold for $1,700,000 less settlement charges. The Administration accepted a claim note from MHF for $2,953,878. MHF paid $1,288,286 plus $310,294 paid previously as pre-claim payments, $1,259 per diem interest, signed over the proceeds, and, with $10,000 received directly by the Administration, repaid the claim note in June 1999.

[12] Westfield Apartments Deed of Trust Note in the original principal amount of $4,600,000 dated April 12, 1983. The property was sold for $2,910,539. MHF paid a partial claim in the amount of $1,433,520 that includes $390,924 of accrued interest plus $448,303 paid previously as pre-claim payments.

[13] Westfield Gardens Deed of Trust Notes in the original principal amounts of $498,908 and $28,150 dated September 21, 1983. The property was sold for $279, 435. MHF paid a partial claim in the amount of $180,318, which included $1,735 of accrued interest, plus $38,739 paid previously as pre-claim payments.

[14] Apartments at the Greens Deed of Trust Notes in the original principal amounts of $6,348,627 and $341,850 dated April 21, 1983. The property was sold for $6,010,026. MHF paid a partial claim in the amount of $302,222, which included $21,927 of accrued interest, plus $46,963 paid previously as pre-claim payments.

[15] Stewarttown Deed of Trust Note in the original principal amount of $3,136,100 dated July 18, 1975. The property was sold for $2,150,000. MHF paid a partial claim payment in the amount of $393,590.

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

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

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

[19] Nine Deed of Trust Notes in the original principal amounts of $833,650 for the various SHOP loans. MHF paid full claim payments on the nine loans in the amounts of $824,224. In March 2001, MHF accepted five loan assignments in the original principal amount of $502,950. MHF paid full claims on the five loans for $491,062 and received full recovery on the first and fourth loans by virtue of third party sales at foreclosure on June 7, 2001. MHF realized losses on the sale of the second and third loans of approximately $27,000 and $22,000, respectively. MHF realized a loss of approximately $40,000 on the fifth loan by virtue of third party purchasing on June 7, 2001. In August 2001, MHF accepted one assignment in the principal amount of

$108,000. MHF paid a full claim on the loan for $106,372 and realized full recovery at a third party foreclosure sale on August 16, 2001. In October 2001, MHF accepted another three assignments in the original principal amount of $222,700. MHF paid full claims on the three loans for $226,790 and received full recovery on one loan at the third party foreclosure sale on June 13, 2002. MHF realized losses of approximately $18,000 and $16,000 on the two loans at the third party foreclosure sale on June 13, 2002. The court ratified the foreclosure sales on July 26, 2002.

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

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

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

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

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

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

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

(27) Renaissance Plaza Deed of Trust Note in the original principal amount of $7,000,000. MHF paid all amounts in arrears totaling $428,052 in February 1991. In connection with the default, MHF also paid additional principal of $6,880,050; interest totaling $1,498,664, and operating deficits in the amount of $2,781,137. The Renaissance Plaza project, which consists of three buildings, has been sold pursuant to the orders of a judicial receivership. Closing on the sale of one building occurred on December 30, 1993. MHF received two notes in payment of the purchase price: a first lien mortgage in the amount of $2,722,544 at 6.22% interest, $365,000 of which is an amortizing loan, the balance to be paid out of cash flow, if any from the properties; and a second lien gap note in the amount of $512,404 at 0% interest until maturity. The gap note was paid in full at the closing of financing for rehabilitation of the building on February 18, 1994. The closing of the other two buildings occurred

on December 14, 1994. MHF received three notes in payment of the purchase price for the two buildings: a first lien mortgage in the amount of $2,600,000 at 7.4% interest to begin amortizing on January 1, 1997; a second lien mortgage in the amount of $4,450,000 at 8.23% interest to be paid out of cash flow, if any, from the properties; and a third lien gap note in the amount of $500,000 at 0% interest until maturity (April 13, 1995), and a default rate of 7.4% interest. The gap note was paid in full at the closing of financing for rehabilitation of the two buildings on February 14, 1995. The $2,600,000 deed of trust note was sold at par and assigned to the Administration on September 24, 1996, in connection with an issuance of bonds by the Administration.

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

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

Actuarial Study

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

FHLMC Reinsurance Agreement

On December 28, 1994, MHF, the Department, the Administration, and the Federal Home Loan Mortgage Corporation ("FHLMC") entered into a Reinsurance Agreement (the "Reinsurance Agreement"). The purpose of the Reinsurance Agreement was to cede to and fully reinsure with FHLMC, MHF's mortgage insurance obligations with respect to certain loans insured by MHF. Under the Reinsurance Agreement, FHLMC has agreed to fully reinsure, without any contingent liability for MHF, 17 loans insured by MHF having an original unpaid principal balance of $70,346,036 and, as of December 31, 2011, an aggregate unpaid principal balance of $5,374,610. Nine of these loans were financed originally with the Administration's Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) and acquired with proceeds of the Administration's Housing Revenue Bonds Series 1996 A Bonds, and are identified in APPENDIX D – "DESCRIPTION OF LOANS AND DEVELOPMENTS" in the Official Statement for the Administration's Housing Revenue Bonds, Series 1999 D. The remainder of these loans was financed with the proceeds of the Administration's Multi-Family Housing Revenue Bonds (Insured Mortgage Loans).

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

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

On September 7, 2008, the Director of the Federal Housing Finance Agency ("FHFA") appointed FHFA as conservator of Freddie Mac in accordance with the Federal Housing Finance Reform Act of 2008 (the "Reform Act") and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992. On September 7, 2008, in connection with the appointment of FHFA as conservator, Freddie Mac and the U.S.

Department of the Treasury ("Treasury") entered into a Senior Preferred Stock Purchase Agreement. Also, pursuant to its authority under the Reform Act, Treasury announced that it has established the Government Sponsored Enterprise Credit Facility (a lending facility to ensure credit availability to Freddie Mac, Fannie Mae, and the Federal Home Loan Banks that will provide secured funding on an as needed basis under terms and conditions established by the Treasury Secretary to protect taxpayers) and a program under which Treasury will purchase Government Sponsored Enterprise (including Freddie Mac) mortgage-backed securities (MBS) in the open market. The announcements by FHFA and Treasury and descriptions of these programs are available at their respective websites: http://www.OFHEO.gov andhttp://www.Treasury.gov.

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

Staff

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

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

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

Name	Position
George Eaton	Director, Division of Credit Assurance and MHF
Norman Swoboda	Deputy Director, Division of Credit Assurance
Allen W. Cartwright, Jr.	Deputy Director, MHF and Director, Single Family Operations
Susan Traylor	Director, Division of Finance and Administration
Ruth Putnam	Director, MHF Finance and State Funded Loans
Bill Beans	Director, Multi-Family Operations

George Eaton was appointed Director of the Division of Credit Assurance and the Maryland Housing Fund as of March, 1999, having been Acting Director since December 1998. He has been with the Department since October 1995. He also served as Director of Multi-Family Operations from May to December 1998. From 1996 through April 1998, he was the Director for State Funded Loans for MHF. Before joining the Department, he worked for a national property management company as a District Manager, as Assistant Director at University of Maryland teaching hospital, and as Assistant Administrator of the Johns Hopkins University Hospital. He also holds an MA in Administration and has taught at several Maryland Community Colleges.

Norman Swoboda joined the staff of the Division of Credit Assurance as Deputy Director in September 2004. Prior to joining DCA, Mr. Swoboda was a Senior Finance Executive in the Division of Business Development, within the Department of Business and Economic Development. Prior to State service, Mr. Swoboda worked as a Senior Credit Analyst and Commercial Lender with the First National Bank of Maryland.

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

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

Ruth Putnam was named Deputy Director of Finance and Administration in 2008. She continues to act as the Director of MHF Finance and State Funded Loans, a position held since January 2001. She has been with the Department since 1990 serving as a Budget Analyst from 1990 through 1994, Budget Director from 1995 through 1998 and Director of Financial Planning and Review from 1999 through 2000. Prior to joining the Department, she worked as Manager of Investor Relations in a private corporation.

Bill Beans was named Director of Multi-Family Asset Management in November 2004. He has been with the Department since 1987 and has previously served as the Director of Homeownership Programs, Deputy Director of the Community Assistance Administration and Director of Single Family Asset Management. Prior to coming to the Department, Mr. Beans worked in various housing related positions for local governments in Maryland.

Additional Information

For additional information, please contact Investor Relations at (410) 514-7326 or cda_bonds@mdhousing.org.

APPENDIX H

FINANCIAL STATEMENTS OF THE COMMUNITY DEVELOPMENT ADMINISTRATION RESIDENTIAL REVENUE BONDS

[THIS PAGE INTENTIONALLY LEFT BLANK]

Reznick Group
ACCOUNTING ▪ TAX ▪ BUSINESS ADVISORY

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS

JUNE 30, 2011 AND 2010

Community Development Administration
Residential Revenue Bonds

TABLE OF CONTENTS

Reznick Group
ACCOUNTING • TAX • BUSINESS ADVISORY

Reznick Group, P.C.
500 East Pratt Street
Suite 200
Baltimore, MD 21202-3100
Tel: (410) 783-4900

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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010, 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.

Reznick Group

ACCOUNTING • TAX • BUSINESS ADVISORY

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 29, 2011

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2011 and 2010

	2011	2010
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 301,405	$ 251,263
Investments	-	69,280
Mortgage-backed securities	566	-
Single family mortgage loans	35,883	22,516
Multi-family mortgage loans	1,392	1,818
Accrued interest and other receivables	20,139	18,151
Claims receivable on foreclosed and other loans, net of allowance	92,742	78,454
Real estate owned	19,226	6,585
Due from other Funds	-	39
Total restricted current assets	471,353	448,106
Restricted long-term assets		
Investments, net of current portion	26,499	34,530
Mortgage-backed securities, net of current portion	53,878	-
Single family mortgage loans, net of current portion and allowance	2,031,222	2,008,583
Multi-family mortgage loans, net of current portion	30,901	41,149
Accrued interest receivable, net of current portion	9	-
Deferred bond issuance costs	15,296	15,287
Deferred outflow on interest rate swap agreements	26,475	32,630
Total restricted long-term assets	2,184,280	2,132,179
Total restricted assets	$ 2,655,633	$ 2,580,285
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	$ 33,022	$ 33,385
Accounts payable	695	397
Rebate liability	637	725
Bonds payable	79,350	49,485
Deposits by borrowers	2,102	2,286
Total current liabilities	115,806	86,278
Long-term liabilities		
Rebate liability, net of current portion	6,571	934
Bonds payable, net of current portion	2,127,025	2,170,123
Deposits by borrowers, net of current portion	2,151	2,882
Interest rate swap agreements	26,475	32,630
Total long-term liabilities	2,162,222	2,206,569
Total liabilities	2,278,028	2,292,847
NET ASSETS		
Restricted	377,605	287,438
Total liabilities and net assets	$ 2,655,633	$ 2,580,285

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, 2011 and 2010

	2011	2010
Operating revenue		
Interest on mortgage loans	$ 125,772	$ 124,540
Interest on mortgage-backed securities	131	-
Interest income on investments, net of rebate	1,384	3,294
(Decrease) increase in fair value of investments, net of rebate	(2,186)	2,709
Increase on interest rate swap agreement termination	-	15,305
Fee income	632	642
Gain on early retirement of debt	1,584	2,220
Gain on sale of mortgage loans	513	-
Other operating revenue	250	195
	128,080	148,905
Operating expenses		
Interest expense on bonds	99,384	102,544
Professional fees and other operating expenses	4,362	2,665
Provision for loan losses	5,169	8,058
Origination expenses	2,762	2,962
Losses and expenses on real estate owned	5,780	1,427
Loss on foreclosure claims, net	547	274
Amortization of bond issuance costs	561	504
	118,565	118,434
Operating income	9,515	30,471
Nonoperating expenses		
Decrease in fair value of mortgage-backed securities	(585)	-
Total nonoperating expenses	(585)	-
Transfers of funds, net, as permitted by the various bond indentures	81,237	80,020
Changes in net assets	90,167	110,491
Net assets - restricted at beginning of year	287,438	192,252
Adjustment - interest rate exchange agreements (see Note 9)	-	(15,305)
Net assets - restricted at end of year	$ 377,605	$ 287,438

See notes to financial statements

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 212,553	$ 202,241
Principal and interest received on mortgage-backed securities	39	-
Escrow funds received on multi-family loans	2,121	2,101
Escrow funds transferred on multi-family loans	-	5,566
Escrow funds paid on multi-family loans	(3,036)	(2,499)
Mortgage insurance claims received	63,115	38,242
Foreclosure expenses paid	(8,182)	(4,682)
Transfer claims receivable on foreclosed and other loans	(775)	-
Loan fees received	152	282
Loan fees disbursed	(1,374)	(1,226)
Purchase of mortgage loans	(116,173)	(110,300)
Purchase of mortgage-backed securities	(55,106)	-
Transfer of single family loans, net of deferred fees	(106,114)	(12,643)
Transfer of multi-family loans, net of deferred fees	-	(50,425)
Professional fees and other operating expenses	(4,241)	(2,566)
Funds received from sale of mortgage loans	15,488	-
Other income received	250	195
Other reimbursements	(332)	(158)
Net cash (used in) provided by operating activities	(1,615)	64,128
Cash flows from investing activities		
Proceeds from maturities or sales of investments	72,128	93,995
Purchases of investments	(2,777)	(164,420)
Transfer of investments	5,562	(5,564)
Transfer arbitrage rebate liability	5,993	-
Arbitrage rebates paid	(815)	-
Interest received on investments	2,395	2,607
Net cash provided by (used in) investing activities	82,486	(73,382)
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	132,193	129,450
Payments on bond principal	(142,365)	(143,355)
Bond issuance costs	(1,362)	(1,894)
Transfer refunded bond issuance costs	(352)	-
Interest on bonds	(100,080)	(105,920)
Transfers among Funds	81,237	80,020
Net cash used in noncapital financing activities	(30,729)	(41,699)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	50,142	(50,953)
Cash and cash equivalents on deposit with trustee at beginning of year	251,263	302,216
Cash and cash equivalents on deposit with trustee at end of year	$ 301,405	$ 251,263

(continued)

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of operating income to net cash (used in) provided by operating activities		
Operating income	$ 9,515	$ 30,471
Adjustments to reconcile operating income to net cash (used in) provided by operating activities		
(Increase) decrease in assets		
Mortgage loans	(25,967)	3,124
Mortgage-backed securities	(55,029)	-
Accrued interest and other receivables	(1,997)	(1,296)
Claims receivable on foreclosed and other loans	(20,310)	(57,096)
Real estate owned	(12,641)	(6,219)
Due from other Funds	39	(39)
(Decrease) increase in liabilities		
Accrued interest payable	(363)	(3,040)
Accounts payable	298	225
Rebate liability	5,549	(1,205)
Deposits by borrowers	(915)	5,168
Due to other Funds	-	(74)
Amortizations		
Deferred income and expense on loans	2,130	2,320
Investment discounts and premiums	154	1,009
Bond original issue discounts and premiums	(333)	(336)
Deferred bond issuance costs	561	504
Loan fees and expenses deferred	(1,222)	(944)
Loan fees and expenses transferred and sold	580	457
Provision for loan losses	5,169	8,058
Decrease (increase) in fair value of investments	2,244	(2,747)
Arbitrage rebates paid	815	-
Transfer arbitrage rebate liability	(5,993)	-
Gain on early retirement of debt	(1,584)	(2,220)
Increase on interest rate swap agreement termination	-	(15,305)
Interest received on investments	(2,395)	(2,607)
Interest on bonds	100,080	105,920
Net cash (used in) provided by operating activities	$ (1,615)	$ 64,128

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2011 and 2010

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.

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, 2011 and 2010, the Fund's cash equivalents were invested in a money market mutual fund. Cash equivalents are more fully described in Note 3.

Investments

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

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.

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, 2011 and 2010, 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, 2011 and 2010. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from (to) Other Funds

Due from (to) other Funds records the pending transfers of cash between Funds which is primarily a result of receipts due to one Fund, but received by another, as more fully described in Note 13.

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.

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 Statement 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 Statement of Net Assets. The changes in fair value of the swaps that are determined not to be effective hedges will be reported in the Statement of Revenue, Expenses and Changes in Net Assets. Accounting guidance issued by GASB has been adopted by CDA effective as of July 1, 2009 and CDA has applied the principle retrospectively, which is the application of a different accounting principle to one or more previously issued financial statements at the beginning of the current period, as if that principle had always been used. This has resulted in the restatement of beginning net assets for the period ended June 30, 2010 to recognize the changes in fair value of CDA's swaps as deferrals. As a result of this restatement, beginning net assets as of July 1, 2009, were decreased by $15,305. 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, 2011 and 2010, all mortgage loan yields were in compliance with the Code.

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.

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.

Use of Estimates

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

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

Bond proceeds and revenues from mortgages, mortgage-backed securities and investments are invested in authorized investments as defined in the 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.

(in thousands)

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

The following assets, reported at fair value and held by the Fund as of June 30, 2011 and 2010, are evaluated in accordance with GASB accounting guidance for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2011	2010
Cash and Cash Equivalents:		
Federated Treasury Obligations Fund	$ 301,405	$ 251,263
Investments:		
Obligations of the U.S. Treasury	-	7,629
Obligations of U.S. Government Agencies	8,590	78,031
Repurchase and Investment Agreements	17,909	18,150
GNMA Mortgage-backed Securities	54,444	-
Total	$ 382,348	$ 355,073

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.

(in thousands)

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

As of June 30, 2011, 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	$ 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	$ 381,410	$ 382,348	$ 301,405	$ -	$ 2,493	$ -	$ 78,450

As of June 30, 2010, 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	$ 251,263	$ 251,263	$ 251,263	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,562	7,629	-	547	4,274	2,808	-
Obligations of U.S. Government Agencies	76,331	78,031	69,280	-	2,484	-	6,267
Repurchase agreements/ Investment agreements	18,150	18,150	-	-	-	-	18,150
Total	$ 351,306	$ 355,073	$ 320,543	$ 547	$ 6,758	$ 2,808	$ 24,417

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (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, 2011 and 2010, 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, 2011 and 2010, 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, 2011 and 2010 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.

(in thousands)

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:				Underlying securities credit rating	
WestLB rated Aa1 by Moody's*	17,909	4.68%		Aaa	Moody's
Total	$ 382,348	100.00%			

* WestLB AG is formerly known as "Westdeutsche Landesbank Gironzentrale." 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.

(in thousands)

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

As of June 30, 2010, 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	$ 251,263	70.76%	Aaa		Moody's
Obligations of the U.S. Treasury	7,629	2.15%		Direct U. S. Obligation	
Obligations of U.S. Government Agencies:					
Federal Home Loan Banks	40,022	11.27%		Aaa	Moody's
Federal Home Loan Mortgage Corporation	35,525	10.01%		Aaa	Moody's
Other government agencies	2,484	0.70%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				Underlying securities credit rating	
WestLB rated Aa1 by Moody's*	18,150	5.11%		Aaa	Moody's
Total	$ 355,073	100.00%			

* WestLB AG is formerly known as "Westdeutsche Landesbank Gironzentrale." 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.

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.

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, 2011 and 2010, 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

All single family mortgage loans of the Fund are secured by first liens on the related property. Substantially all the single family mortgage loans are credit enhanced through the FHA mortgage insurance programs, the Veterans Administration, USDA/RD guarantee programs, the Maryland Housing Fund (MHF) or by private mortgage insurers. As of June 30, 2011 and 2010, interest rates on such loans range from 1.0% to 13.9% and 3.0% to 9.25%, respectively. Remaining loan terms range from approximately 1 to 40 years and 9 to 40 years, respectively.

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, 2011 and 2010, remaining loan terms ranged from less than 3 to 22 years and 3 to 23 years, respectively.

(in thousands)

NOTE 4 - MORTGAGE LOANS (Continued)

For the years ended June 30, 2011 and 2010, 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:

	2011	2010
Single family mortgage loans	$ 2,076,732	$ 2,041,579
Allowance for loan losses		
Beginning balance	10,480	9,569
Provision for loan losses	(853)	911
Ending balance	9,627	10,480
Single family mortgage loans, net	$ 2,067,105	$ 2,031,099
Claims receivable on foreclosed and other loans	$ 105,905	$ 87,995
Allowance for loan losses		
Beginning balance	9,541	2,872
Provision for loan losses	6,022	7,147
Charge offs	(2,400)	(478)
Ending balance	13,163	9,541
Claims receivable on foreclosed and other loans, net	$ 92,742	$ 78,454

(in thousands)

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2011 and 2010 were as follows:

	2011	2010
Accrued mortgage loan interest	$ 18,727	$ 17,199
Accrued investment interest	524	952
Accrued mortgage-backed securities interest	169	-
Funds due from mortgage insurers for loan modifications	366	-
Reimbursement due for state-funded loans	362	-
	$ 20,148	$ 18,151

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, 2011 and 2010, CDA did not issue any short-term debt.

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. 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

(in thousands)

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:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2010	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2011	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2011
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)

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2010	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2011	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2011
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
Total				$ 2,197,825	$ 130,825	$ (40,660)	$ (101,705)	$ 2,186,285	$ 20,090	$ 2,206,375

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2010, and the debt outstanding and bonds payable as of June 30, 2010:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2009	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2010	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2010
Residential Revenue Bonds										
1998 Series A	01/01/98	4.70% - 5.05%	2010 - 2017	$ 3,570	$ -	$ -	$ (1,940)	$ 1,630	$ -	$ 1,630
1998 Series D	12/01/98	4.55% - 5.25%	2009 - 2029	30,575	-	(1,515)	(1,785)	27,275	-	27,275
1999 Series C	05/01/99	4.70% - 4.95%	2011 - 2015	2,665	-	-	-	2,665	-	2,665
1999 Series D	05/01/99	4.65% - 5.40%	2009 - 2031	29,010	-	(1,145)	(2,595)	25,270	(4)	25,266
1999 Series H	12/01/99	6.15%	2025	9,420	-	-	(9,420)	-	-	-
2000 Series F	08/01/00	4.70% - 4.90%	2009 - 2011	3,920	-	(1,425)	(1,980)	515	-	515
2001 Series A	03/01/01	4.30% - 5.00%	2009 - 2017	10,770	-	(950)	(995)	8,825	-	8,825
2001 Series B	03/01/01	4.65% - 5.45%	2011 - 2032	19,180	-	-	(10,850)	8,330	-	8,330
2001 Series E	06/01/01	4.35% - 4.65%	2009 - 2012	5,095	-	(1,530)	(2,785)	780	-	780
2001 Series G	08/15/01	4.00% - 4.20%	2009 - 2011	3,825	-	(1,015)	(1,375)	1,435	-	1,435
2001 Series H	08/15/01	4.40% - 5.35%	2011 - 2033	32,845	-	-	(795)	32,050	-	32,050
2003 Series A	11/01/03	2.875% - 4.05%	2009 - 2015	6,420	-	(825)	-	5,595	-	5,595
2003 Series B	11/01/03	4.75% - 5.00%	2019 - 2026	5,240	-	-	(785)	4,455	198	4,653
2003 Series C	12/09/03	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series A	05/13/04	3.00% - 4.20%	2009 - 2016	8,390	-	(930)	-	7,460	-	7,460
2004 Series B	05/13/04	5.00%	2023 - 2028	7,405	-	-	(1,095)	6,310	209	6,519
2004 Series C	05/13/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series D	08/12/04	3.25% - 4.40%	2009 - 2016	9,870	-	(1,085)	-	8,785	-	8,785
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	14,385	-	-	(1,265)	13,120	254	13,374
2004 Series F	08/12/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series G	11/10/04	2.55% - 3.65%	2009 - 2016	10,150	-	(1,145)	-	9,005	-	9,005
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	13,555	-	-	(1,750)	11,805	354	12,159
2004 Series I	11/10/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series A	03/30/05	2.95% - 3.90%	2009 - 2016	10,415	-	(1,160)	-	9,255	-	9,255
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	19,985	-	-	(1,360)	18,625	414	19,039
2005 Series C	03/30/05	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series D	11/10/05	3.25% - 4.05%	2009 - 2017	11,390	-	(1,100)	-	10,290	-	10,290
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	40,565	-	-	(1,820)	38,745	561	39,306
2006 Series A	02/23/06	3.375% - 4.10%	2009 - 2017	10,995	-	(1,065)	-	9,930	-	9,930
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	42,800	-	-	(1,190)	41,610	553	42,163
2006 Series E	05/24/06	3.60% - 4.35%	2009 - 2017	21,555	-	(2,060)	-	19,495	-	19,495
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	49,120	-	-	(3,195)	45,925	1,684	47,609
2006 Series G	05/24/06	Variable rate	2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	3.70% - 4.15%	2009 - 2017	16,185	-	(1,540)	-	14,645	-	14,645
2006 Series I	07/13/06	3.875% - 6.00%	2009 - 2041	127,965	-	(1,535)	(7,380)	119,050	3,006	122,056
2006 Series J	07/13/06	Variable rate	2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.65% - 4.15%	2009 - 2017	13,750	-	(1,295)	-	12,455	-	12,455
2006 Series L	09/14/06	3.90% - 5.75%	2009 - 2041	157,255	-	(1,375)	(7,435)	148,445	2,166	150,611
2006 Series O	12/13/06	3.45% - 3.85%	2009 - 2017	9,160	-	(875)	-	8,285	-	8,285
2006 Series P	12/13/06	3.85% - 5.75%	2009 - 2037	80,635	-	(1,445)	(2,195)	76,995	1,407	78,402
2006 Series S	12/13/06	6.07%	2037	23,410	-	-	(1,235)	22,175	-	22,175

(continued)

Community Development Administration
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2011 and 2010

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2009	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2010	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2010
Residential Revenue Bonds (continued)										
2007 Series A	03/28/07	3.75% - 5.75%	2009 - 2047	$ 262,285	$ -	$ (1,535)	$ (10,660)	$ 250,090	$ 8,112	$ 258,202
2007 Series B	03/28/07	6.00%	2037	28,830	-	-	(1,415)	27,415	-	27,415
2007 Series C	06/20/07	3.60% - 3.95%	2009 - 2017	45,000	-	(3,585)	-	41,415	-	41,415
2007 Series D	06/20/07	4.65% - 5.50%	2022 - 2048	168,185	-	-	(6,685)	161,500	2,869	164,369
2007 Series E	06/20/07	4.93% - 6.11%	2009 - 2042	48,170	-	(1,215)	-	46,955	-	46,955
2007 Series F	06/20/07	Variable rate	2031	48,240	-	-	(3,935)	44,305	-	44,305
2007 Series G	08/09/07	3.70% - 4.30%	2009 - 2017	56,480	-	(5,320)	(280)	50,880	-	50,880
2007 Series H	08/09/07	4.95% - 5.20%	2022 - 2048	62,515	-	-	(250)	62,265	-	62,265
2007 Series I	08/09/07	5.28% - 6.56%	2009 - 2043	61,930	-	(1,345)	-	60,585	-	60,585
2007 Series J	08/09/07	Variable rate	2031	60,415	-	-	(4,025)	56,390	-	56,390
2007 Series K	12/12/07	3.25% - 3.85%	2009 - 2017	29,795	-	(2,880)	(765)	26,150	-	26,150
2007 Series M	12/12/07	Variable rate	2043	29,550	-	-	(500)	29,050	-	29,050
2008 Series A	06/19/08	2.20% - 4.00%	2009 - 2017	59,530	-	(2,000)	(1,820)	55,710	-	55,710
2008 Series B	09/04/08	1.95% - 4.20%	2009 - 2017	19,770	-	(1,935)	(555)	17,280	-	17,280
2008 Series C	09/04/08	4.45% - 5.65%	2019 - 2048	79,560	-	-	(2,410)	77,150	-	77,150
2008 Series D	09/04/08	Variable rate	2038	50,000	-	-	-	50,000	-	50,000
2008 Series E	12/17/08	2.95% - 4.55%	2010 - 2017	21,500	-	-	-	21,500	-	21,500
2008 Series F	12/17/08	4.75% - 5.90%	2018 - 2038	18,500	-	-	-	18,500	-	18,500
2009 Series A	09/24/09	0.65% - 5.05%	2010 - 2039	-	40,000	-	-	40,000	-	40,000
2009 Series B	10/08/09	0.65% - 4.75%	2010 - 2039	-	45,000	-	-	45,000	-	45,000
2009 Series C	10/27/09	0.45% - 4.55%	2010 - 2039	-	15,985	-	-	15,985	-	15,985
2010 Series A	06/09/10	3.95% - 4.45%	2018 - 2021	-	28,465	-	-	28,465	-	28,465
Total				$ 2,211,730	$ 129,450	$ (44,830)	$ (98,525)	$ 2,197,825	$ 21,783	$ 2,219,608

(in thousands)

NOTE 8 - DEBT SERVICE REQUIREMENTS

As of June 30, 2011, the required principal payments for bonds (including mandatory sinking fund payments and special and optional 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.

(in thousands)

NOTE 8 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2010, the required principal payments for bonds (including mandatory sinking fund payments and special and option redemptions that occurred subsequent to June 30, 2010 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
2011	$ 88,469	$ 49,485
2012	86,880	55,330
2013	84,770	57,620
2014	82,428	62,995
2015	79,848	65,995
2016 - 2020	355,861	345,670
2021 - 2025	287,657	269,370
2026 - 2030	227,064	262,850
2031 - 2035	162,825	400,710
2036 - 2040	82,860	436,515
2041 - 2045	24,124	171,755
2046 - 2050	1,779	19,530
Totals	$ 1,564,565	$ 2,197,825

The interest calculations on outstanding variable rate bonds in the amount of $379,745 are based on the variable rates in effect on June 30, 2010, 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.

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, 2011 and 2010, are provided in the tables on the following pages. The counterparty credit ratings for all outstanding swaps as of June 30, 2011 and 2010 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.

(in thousands)

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

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.

(in thousands)

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

As of June 30, 2010, 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%	($1,185)	9/1/2035 (2)(7)
UBS AG	2006 Series G	$40,000	$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	($4,560)	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%	($4,540)	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%	($2,480)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$46,485 (amended)	$44,305	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	($5,285)	3/1/2026 (4)(6)(9)(12)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$58,680 (amended)	$56,390	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	($7,840)	9/1/2025 (4)(6)(9)(10)
The Bank of New York Mellon (BNYM)	2007 Series M	$26,990 (amended)	$24,860	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	($2,240)	9/1/2043 (5)(6)(11) (13)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	$50,000	$50,000	9/4/2008	3.6880%	64% of LIBOR plus .31%	($4,500)	9/1/2038 (8)(9)

Notes to 2010 Table on next page

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

Notes to 2010 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 and $1,515 effective March 1, 2010. 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, 2010.

(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, 2010, CDA exercised its option and partially terminated the interest rate swap in the amount of $1,735 effective September 1, 2010.

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, 2011 and 2010. 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 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, 2010, 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.

(in thousands)

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)

(in thousands)

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, 2010 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	($8,205)
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	($4,560)
Merrill Lynch Derivative Products AG (MLDP)	$150,695	Aa3 from Moody's AAA from Standard and Poor's AAA from Fitch	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	($17,625)
The Bank of New York Mellon (BNYM)	$24,860	Aaa from Moody's AA- from Fitch	A1 or below from Moody's or A+ or below from Fitch	($2,240)

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.

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.

(in thousands)

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, 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 Principal	Hedged Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
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	$ 280,485	$ 6,383	$ 173,395	$ 460,263

(in thousands)

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

As of June 30, 2010, 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, 2010, 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 Principal	Hedged Variable Rate Bonds Interest	Interest Rate Swaps, Net	Total
2011	$ 110	$ 901	$ 11,303	$ 12,314
2012	-	919	10,818	11,737
2013	-	915	10,365	11,280
2014	-	916	9,958	10,874
2015	-	916	9,588	10,504
2016 - 2020	6,695	4,552	41,814	53,061
2021 - 2025	9,560	4,385	33,236	47,181
2026 - 2030	21,555	4,175	28,606	54,336
2031 - 2035	148,505	2,554	20,628	171,687
2036 - 2040	77,365	997	8,944	87,306
2041 - 2045	31,765	247	912	32,924
Totals	$ 295,555	$ 21,477	$ 186,172	$ 503,204

(in thousands)

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, 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	$ (32,630)	$ (26,475)	$ 6,155

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.

(in thousands)

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, 2009 and June 30, 2010, and the changes in fair values for the period ending June 30, 2010.

	Total Fair Value at June 30, 2009	Total Fair Value at June 30, 2010	Change in Fair Value for the Period
Interest Rate Exchange Agreements:			
Cash Flow Hedges	$ (14,150)	$ (32,630)	$ (18,480)
Investment Derivatives	(15,305)	-	15,305
Total	$ (29,455)	$ (32,630)	$ (3,175)

In accordance with accounting guidance issued by GASB, the fair value balances of derivative instruments (interest rate exchange agreements) outstanding at June 30, 2010, 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, 2010, are as follows:

	Change in Fair Value		Fair Value at June 30, 2010		Outstanding Notional Amounts
	Classification	Amount	Classification	Amount	
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	$ (18,480)	Debt	$ (32,630)	$ 295,555
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	$ 15,305	Investment	$ -	$ -

At June 30, 2009, CDA determined that 2007 Series F, J and M interest rate swaps did not meet the criteria for effectiveness. Therefore, the swap fair values in the amount of $15,305 were classified as investment revenue.

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

As of 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, 2010, 2007 Series F, J and M swaps do meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

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.

NOTE 10 - BOND REFUNDINGS (Continued)

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. On June 9, 2010, CDA issued $28,465 of Residential Revenue Bonds 2010 Series A which refunded Single Family Program 1999 Third Series. The bonds were redeemed in full on July 9, 2010 in that amount. This refunding reduced total debt service payments over the next 11 years by $2,625 and resulted in an economic gain of $1,596.

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.

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.

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.

(in thousands)

NOTE 11 - REBATE LIABILITY (Continued)

Rebate liability activity for the years ended June 30, 2011 and 2010 was as follows:

	2011	2010
Beginning rebate liability	$ 1,659	$ 2,864
Change in estimated liability due to excess investment earnings	429	(1,243)
Change in estimated liability due to change in fair value of investments	(58)	38
Transfer rebate liability	5,993	-
Less - payments made	(815)	-
Ending rebate liability	$ 7,208	$ 1,659

Total rebate liability is allocated as follows:

	2011	2010
Estimated liability due to excess investment earnings	$ 7,208	$ 1,601
Estimated liability due to change in fair value of investments	-	58
Ending rebate liability	$ 7,208	$ 1,659

(in thousands)

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2011 and 2010 were as follows:

	2011	2010
Rebate liability		
Beginning balance	$ 1,659	$ 2,864
Additions	6,422	38
Reductions	(873)	(1,243)
Ending balance	7,208	1,659
Less due within one year	(637)	(725)
Total long-term rebate liability	6,571	934
Bonds payable		
Beginning balance	2,219,608	2,236,750
Additions	130,825	129,450
Reductions	(142,365)	(143,355)
Change in deferred amounts for issuance discounts/premiums	(1,012)	(3,237)
Change in deferred amounts on refundings	(681)	-
Ending balance	2,206,375	2,219,608
Less due within one year	(79,350)	(49,485)
Total long-term bonds payable	2,127,025	2,170,123
Deposits by borrowers		
Beginning balance	5,168	-
Additions	2,121	7,667
Reductions	(3,036)	(2,499)
Ending balance	4,253	5,168
Less due within one year	(2,102)	(2,286)
Total long-term deposits by borrowers	2,151	2,882
Interest rate exchange agreements		
Beginning balance	32,630	-
Additions	-	32,630
Reductions	(6,155)	-
Ending balance	26,475	32,630
Total long-term interest rate exchange agreements	26,475	32,630
Total long-term liabilities	$ 2,162,222	$ 2,206,569

(in thousands)

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, 2011 and 2010, the Fund transferred the following amounts, as permitted, among Funds:

	2011	2010
Excess revenue transferred from Single Family Program Bonds	$ 15,361	$ 7,221
Cost of issuance on bonds and other expenses transferred from Single Family Program Bonds	15	1,918
Transfer mortgage loans and mortgage loan-related activity from Single Family Program Bonds	101,297	12,765
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	(7,300)	-
Excess revenue transferred from Multi-Family Housing Revenue Bonds	-	7,655
Transfer mortgage loans and mortgage loan-related activity from Multi-Family Housing Revenue Bonds	-	50,504
Transfer to separate account in accordance with HUD agreement	(23)	(43)
	$ 81,237	$ 80,020

(in thousands)

NOTE 13 - INTERFUND ACTIVITY (Continued)

As of June 30, 2011 and 2010, due (to) from other Funds consisted of the following:

	2011	2010
Mortgage loan receipts for participation loans due to Single Family Program Bonds	$ -	$ (119)
Other mortgage loan receipts due from Single Family Program Bonds	-	158
	$ -	$ 39

NOTE 14 - MORTGAGE INSURANCE

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.

About 43% of all single family loans in the Fund 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 single family loans are insured by private mortgage insurers or MHF at 35% of the loan amount. Less than 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. An allowance for loan losses has been established for single family loans insured by private mortgage insurers. Premiums are paid by single family mortgagors.

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.

(in thousands)

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 29, 2011 (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, 2011.

Subsequent to the year ended June 30, 2011, the following bond activity took place:

On July 22, 2011, CDA redeemed the following bonds:

1998 Series A	$135
2003 Series B	$110
2004 Series B	$300
2004 Series E	$210
2004 Series H	$235
2005 Series B	$745
2005 Series E	$350
2006 Series F	$5,105
2006 Series I	$6,105
2006 Series L	$1,375
2006 Series P	$345
2007 Series A	$1,400
2007 Series D	$3,105
2010 Series A	$210
2010 Series B	$130

(in thousands)

NOTE 16 - SUBSEQUENT EVENTS (Continued)

On September 1, 2011, CDA redeemed the following bonds:

2006 Series S	$335
2007 Series B	$1,320
2007 Series F	$600
2007 Series J	$1,735

Community Development Administration
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE IN FAIR VALUE OF INVESTMENTS AND MORTGAGE-BACKED SECURITIES

(in thousands)
(unaudited)

June 30, 2011 and 2010

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 the U.S. Treasury and U.S. Government Agencies) held by the Fund as of June 30, 2011, 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

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, 2011 and 2010

For mortgage-backed securities held by the Fund as of June 30, 2011, 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)

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)	58
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	$ (2,186)

Reconciliation to the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2010:

Increase in fair value of investments held at June 30, 2010	$ 2,747
Adjustment due to rebate liability (see Note 11)	(38)
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, 2010	$ 2,709

COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS

Unaudited Interim Financial Statements
For the six month period ended
December 31, 2011

Community Development Administration
Residential Revenue Bonds

Balance Sheets
(in thousands)

As of December 31, 2011 and June 30, 2011

	12/31/2011 (Unaudited)	6/30/2011 (Audited)
Restricted assets		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 311,580	$ 301,405
Mortgage-backed securities	125	566
Single family mortgage loans	36,168	35,883
Multi-family mortgage loans	1,507	1,392
Accrued interest and other receivables	19,530	20,139
Claims and other receivables on foreclosed and other loans, net of allowance	102,170	92,742
Real estate owned	16,177	19,226
Due from other Funds	416	-
Total restricted current assets	487,673	471,353
Restricted long-term assets		
Investments	28,964	26,499
Mortgage-backed securities, net of current portion	7,467	53,878
Single family mortgage loans, net of current portion and allowance	1,951,637	2,031,222
Multi-family mortgage loans, net of current portion	29,954	30,901
Accrued interest receivable, net of current portion	14	9
Deferred bond issuance costs	14,766	15,296
Deferred outflow on interest rate swap agreements	36,231	26,475
Total restricted long-term assets	2,069,033	2,184,280
Total restricted assets	$ 2,556,706	$ 2,655,633
Liabilities and net assets		
Current liabilities		
Accrued interest payable	$ 32,009	$ 33,022
Accounts payable	670	695
Rebate liability	646	637
Bonds payable	88,375	79,350
Deposits by borrowers	1,658	2,102
Total current liabilities	123,358	115,806
Long-term liabilities		
Rebate liability, net of current portion	6,603	6,571
Bonds payable, net of current portion	2,006,636	2,127,025
Deposits by borrowers, net of current portion	2,243	2,151
Interest rate swap agreements	36,231	26,475
Total long-term liabilities	2,051,713	2,162,222
Total liabilities	2,175,071	2,278,028
Net assets		
Restricted	381,635	377,605
Total net assets	381,635	377,605
Total liabilities and net assets	$ 2,556,706	$ 2,655,633

See accompanying notes.

Community Development Administration
Residential Revenue Bonds

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

For the six months ended December 31, 2011 and December 31, 2010

	12/31/2011 (Unaudited)	12/31/2010 (Unaudited)
Operating revenue		
Interest on mortgage loans	$ 59,936	$ 63,451
Interest income on investments, net of rebate	839	766
Interest on mortgage-backed securities	598	-
Increase (decrease) in fair value of investments, net of rebate	1,094	(394)
Fee income	248	321
Gain on early retirement of debt	3,020	990
Other operating revenue	878	39
	66,613	65,173
Operating expenses		
Interest expense on bonds	49,091	49,693
Professional fees and other operating expenses	3,113	1,625
Increase (decrease) in provision for loan losses	4,177	(315)
Origination expenses	1,222	1,340
Losses and expenses on real estate owned	3,730	2,273
Loss on foreclosure claims and other loan losses, net	376	120
Amortization of bond issuance costs	291	276
	62,000	55,012
Operating income	4,613	10,161
Non-operating revenue		
Increase in fair value of mortgage-backed securities	919	-
Transfers of funds, net, as permitted by the various bond indentures	(1,502)	88,549
Changes in net assets	4,030	98,710
Net assets - restricted at beginning of year	377,605	287,438
Net assets - restricted at end of period	$ 381,635	$ 386,148

See accompanying notes.

Community Development Administration
Residential Revenue Bonds

Statements of Cash Flows
(in thousands)

For the six months ended December 31, 2011 and December 31, 2010

	12/31/2011 (Unaudited)	12/31/2010 (Unaudited)
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 94,357	$ 112,672
Principal and interest received on mortgage-backed securities	730	-
Escrow funds received on multi-family loans	1,026	1,107
Escrow funds paid on multi-family loans	(1,378)	(2,644)
Mortgage insurance claims and sales proceeds on foreclosed and other loans	36,347	30,750
Foreclosure expenses paid	(5,321)	(5,851)
Transfer claims and other receivables on foreclosed and other loans	-	(775)
Loan fees received	-	92
Loan fees disbursed	-	(836)
Purchase of mortgage loans	(842)	(68,100)
Purchase of mortgage-backed securities	(105,759)	-
Transfer of single family loans, net of deferred loan fees and expenses	-	(106,114)
Transfer of mortgage-backed securities	153,129	-
Professional fees and other operating expenses	(3,016)	(1,495)
Other income received	878	39
Other reimbursements	238	-
Net cash from operating activities	170,389	(41,155)
Cash flows from investing activities		
Proceeds from maturities or sales of investments	-	61,522
Purchases of investments	(1,271)	(1,453)
Transfer arbitrage rebate liability	-	5,993
Interest received on investments	768	1,480
Net cash from investing activities	(503)	67,542
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	-	40,000
Payments on bond principal	(107,815)	(72,090)
Bond issuance costs	(134)	(598)
Transfer refunded bond issuance costs	-	(352)
Interest on bonds	(50,260)	(50,581)
Transfers among Funds	(1,502)	88,549
Net cash from noncapital financing activities	(159,711)	4,928
Net increase in cash and cash equivalents on deposit with trustee	10,175	31,315
Cash and cash equivalents on deposit with trustee at beginning of period	301,405	251,263
Cash and cash equivalents on deposit with trustee at end of period	$ 311,580	$ 282,578

(continued)

Community Development Administration

Residential Revenue Bonds

Statements of Cash Flows - continued

(in thousands)

For the six months ended December 31, 2011 and December 31, 2010

	12/31/2011 (Unaudited)	12/31/2010 (Unaudited)
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 4,613	$ 10,161
Adjustments to reconcile operating income to net cash from operating activities		
Decrease (increase) in assets		
Mortgage loans	77,560	(84,692)
Mortgage-backed securities	47,771	-
Accrued interest and other receivables	604	(2,999)
Claims and other receivables on foreclosed and other loans	(12,007)	(2,674)
Real estate owned	3,049	(8,156)
Due from other Funds	(416)	39
(Decrease) increase in liabilities		
Accrued interest payable	(1,013)	(726)
Accounts payable	(25)	79
Rebate liability	41	6,196
Deposits by borrowers	(352)	(1,537)
Amortizations		
Deferred income and expense on loans	974	1,019
Investment discounts and premiums	2	152
Bond original issue discounts and premiums	(156)	(162)
Deferred bond issuance costs	291	276
Loan fees and expenses deferred	-	(364)
Increase (decrease) in provision for loan losses	4,177	(315)
(Increase) decrease in fair value of investments	(1,196)	430
Transfer arbitrage rebate liability	-	(5,993)
Gain on early retirement of debt	(3,020)	(990)
Interest received on investments	(768)	(1,480)
Interest on bonds	50,260	50,581
Net cash from operating activities	$ 170,389	$ (41,155)

See accompanying notes.

Community Development Administration
Residential Revenue Bonds

Notes to Unaudited Interim Financial Statements
(in thousands)

December 31, 2011

1. **Basis of Presentation:**

   In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Residential Revenue Bonds present fairly the financial position at December 31, 2011 and the results of its operations for the six months ended December 31, 2011 and December 31, 2010. These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The December 31, 2011 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2011 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

2. **Investments and Mortgage-backed Securities:**

   In accordance with GASB 31, CDA reflects investments and mortgage-backed securities at fair value.

   Investments

   As of December 31, 2011, the fair value of the investments was $28,964 of which $26,245 was the cost of these investments and $2,719 was the cumulative increase in fair value. The increase in fair value of investments, net of rebate, for the six months ended December 31, 2011 was $1,094 comprised of an increase in the investment fair value of $1,196 offset by $102 of increased estimated rebate liability.

   Mortgage-backed Securities

   As of December 31, 2011, the fair value of the mortgage-backed securities was $7,592 of which $7,258 was the cost of these mortgage-backed securities and $334 was the cumulative increase in fair value. The increase in fair value of mortgage-backed securities for the six months ended December 31, 2011 was $919.

3. **Mortgage Loans:**

   During the six months ended December 31, 2011, CDA purchased single family loans in the amount of $842 and mortgage-backed securities in the amount of $105,759.

4. **Bonds Payable:**

   On July 22, 2011 and September 1, 2011, CDA redeemed, prior to maturity, $19,860 and $3,990 of Residential Revenue Bonds, respectively, and realized a gain of $1,212 and incurred a loss of $34, respectively.

   On December 23, 2011, CDA redeemed, prior to maturity, $33,940 of Residential Revenue Bonds and realized a gain of $1,842.

5. Interest Rate Swap Agreements:

As a means to lower its borrowing costs, CDA issues variable rate bonds. In order to protect against potential increases in interest rates, CDA has entered into pay-fixed, receive-variable interest rate swap agreements. 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.

The terms, including the fair values of the outstanding swaps as of December 31, 2011, are provided in the table on the next page. 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 uses valuation methods and assumptions in accordance with GASB Statement No. 53.

(See next page for table)

(in thousands)

5. Interest Rate Swap Agreements continued:

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%	($1,390)	9/1/2035 (2)(7)
UBS AG	2006 Series G	$40,000	$40,000	5/24/2006	4.4030%	64% of LIBOR plus .29%	($5,153)	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%	($5,128)	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%	($2,843)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$46,485 (amended)	$37,635	10/27/2009 (amended)	4.4300% (amended)	64% of LIBOR plus .22% (amended)	($5,293)	3/1/2026 (4)(6)(9)(12)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$58,680 (amended)	$48,195	9/1/2009 (amended)	4.8350% (amended)	64% of LIBOR plus .22% (amended)	($7,656)	9/1/2025 (4)(6)(9)(10)
The Bank of New York Mellon (BNY Mellon)	2007 Series M	$26,990 (amended)	$17,890	10/8/2009 (amended)	4.3350% (amended)	64% of LIBOR plus .22% (amended)	($2,095)	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%	($6,673)	9/1/2038 (6)(8)(9)

Refer to next page for description of notes.

5. Interest Rate Swap Agreements continued:

Notes to 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 and $1,425 effective September 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 September 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). 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 December 31, 2011, CDA exercised its option and partially terminated the interest rate swap in the amount of $1,185 effective March 1, 2012.

(in thousands)

5. Interest Rate Swap Agreements continued:

The table below summarizes the total fair values for CDA's interest rate swap agreements at June 30, 2011 and December 31, 2011, and the changes in fair values for the period ending December 31, 2011.

	Total Fair Value at June 30, 2011	Total Fair Value at December 31, 2011	Change in Fair Value for the Period
Interest Rate Swap Agreements:			
Cash Flow Hedges	$ (26,475)	$ (36,231)	$ (9,756)
Investment Derivatives	-	-	-
Total	$ (26,475)	$ (36,231)	$ (9,756)

In accordance with GASB 53, the fair value balances of derivative instruments (interest rate swap agreements) outstanding at December 31, 2011, classified by type, and the changes in fair value of such derivative instruments as presented on the financial statements for the period ending December 31, 2011, are as follows:

	Change in Fair Value		Fair Value at December 31, 2011		Outstanding Notional
	Classification	Amount	Classification	Amount	Amounts
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	$ (9,756)	Debt	$ (36,231)	$ 273,610
Investment Derivatives:					
Pay fixed interest rate swaps	Investment Revenue	$ -	Investment	$ -	$ -

As of December 31, 2011, all interest rate swaps meet the criteria for effectiveness and the swap fair values are classified as deferred outflow.

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.

(in thousands)

5. Interest Rate Swap Agreements continued:

CDA was not exposed to credit risk to any of the counterparties since the total fair value for each counterparty was negative as of December 31, 2011.

The credit ratings for the swap counterparties, as of December 30, 2011, are:

Swap Counterparty	Moody's Investors Service	Standard and Poor's	Fitch Ratings
JPMorgan Chase Bank, N.A.	Aa1 NEG	A+	AA-
UBS AG	Aa3 (1)	A NEG	A
Merrill Lynch Derivative Products AG	Aa3	AAA	----
The Bank of New York Mellon	Aaa (1)(2)	AA- NEG	AA-

(1) UBS AG and BNY Mellon were on credit watch as of December 30, 2011.
(2) Effective March 8, 2012, Moody's Investors Service has downgraded BNY Mellon to Aa1.

For further description of risks and other information related to swaps, refer to the June 30, 2011 audited financial statements.

6. Subsequent Events:

On March 1, 2012, CDA redeemed, prior to maturity, $31,135 of Residential Revenue Bonds.

On March 8, 2012, CDA remarketed Residential Revenue Bonds 2007 Series F, J, M and 2008 Series D variable rate debt and converted the interest rate mode from a Weekly Mode to a Daily Mode.

APPENDIX I

FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

MARYLAND HOUSING FUND

JUNE 30, 2011 AND 2010

Maryland Housing Fund

TABLE OF CONTENTS

Reznick Group
ACCOUNTING • TAX • BUSINESS ADVISORY

Reznick Group, P.C.
500 East Pratt Street
Suite 200
Baltimore, MD 21202-3100
Tel: (410) 783-4900

INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development

We have audited the accompanying financial statements of the Maryland Housing Fund (MHF) of the Department of Housing and Community Development (DHCD) of the State of Maryland as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of MHF'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 Maryland Housing Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2011 and 2010, 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 Maryland Housing Fund of the Department of Housing and Community Development of the State of Maryland as of June 30, 2011 and 2010, 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.

Reznick Group, P.C.

Baltimore, Maryland
October 13, 2011

Maryland Housing Fund

STATEMENTS OF NET ASSETS

June 30, 2011 and 2010

	2011	2010
ASSETS		
Current assets		
Unrestricted current assets		
Deposit with State Treasurer		
Operating account	$ 4,391,228	$ 2,326,682
Loans and interest receivable, net of allowance for loans and related losses	167,078	41,333
Acquired property	72,635	65,692
Other	98,682	22,122
Total unrestricted current assets	4,729,623	2,455,829
Restricted current assets		
Deposit with State Treasurer		
Reserve accounts	89,414,019	103,379,436
Reserve account - Reinsurance Pool Program	12,500,000	-
Total restricted current assets	101,914,019	103,379,436
Total current assets	106,643,642	105,835,265
Non-current assets		
Investment held for borrower	1,555,114	1,476,112
Loans and interest receivable, net of allowance for loans and related losses and current portion	284,491	441,638
Total non-current assets	1,839,605	1,917,750
Total assets	$ 108,483,247	$ 107,753,015

(continued)

Maryland Housing Fund

STATEMENTS OF NET ASSETS - CONTINUED

June 30, 2011 and 2010

	2011	2010
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 81,424	$ 86,738
Accrued compensated absences	77,644	64,910
Accrued workers' compensation	1,130	416
Mortgage escrow accounts	283,832	417,702
Unearned premiums	2,247,492	2,335,820
Allowance for unpaid insurance losses	5,464,098	1,434,296
Total current liabilities	8,155,620	4,339,882
Non-current liabilities		
Accrued compensated absences, net of current portion	165,678	144,748
Accrued workers' compensation, net of current portion	6,161	2,266
Investment held for borrower	1,555,114	1,476,112
Allowance for unpaid insurance losses, net of current portion	18,819,736	12,403,062
Total non-current liabilities	20,546,689	14,026,188
Total liabilities	28,702,309	18,366,070
Net assets		
Restricted net assets		
Multi-Family Reserve	44,698,739	44,698,739
Single Family Regular Reserve	20,650,923	33,773,875
Revitalization (Pilot) Reserve	2,216,821	2,224,450
General Reserve	9,796,640	10,000,000
Unallocated Reserve	12,050,896	12,682,372
Total restricted net assets	89,414,019	103,379,436
Unrestricted accumulated deficit	(9,633,081)	(13,992,491)
Total net assets	79,780,938	89,386,945
Total liabilities and net assets	$ 108,483,247	$ 107,753,015

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF REVENUES AND EXPENSES

Years ended June 30, 2011 and 2010

	2011	2010
Revenues		
Net premiums	$ 3,053,897	$ 1,837,659
Interest income on reserves	2,050,896	2,182,372
Interest income on loans	534,221	535,889
Other income	130,638	35,132
Total revenues	5,769,652	4,591,052
Expenses		
General and administrative	3,555,414	2,845,392
Acquired property	401,053	145,303
Net losses/(gains) on sales of acquired property	24,524	(45,306)
Provision for insurance and loan losses	8,712,296	1,301,154
Total expenses	12,693,287	4,246,543
Change in net assets	$ (6,923,635)	$ 344,509

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CHANGES IN NET ASSETS

Years ended June 30, 2011 and 2010

	Restricted Net Assets							
	Multi-Family Reserve	Single Family Regular Reserve	Revitalization (Pilot) Reserve	Home and Energy Loan Program (HELP) Reserve	General Reserve	Unallocated Reserve	Unrestricted Accumulated Deficit	Total
Balance at June 30, 2009	$ 44,698,739	$ 33,773,875	$ 2,224,450	$ 500,000	$ 10,000,000	$ 15,730,297	$(12,154,628)	$ 94,772,733
Interest income allocated at the discretion of DHCD Secretary	-	-	-	-	-	2,182,372	(2,182,372)	-
Transfers out	-	-	-	(500,000)	-	(5,230,297)	-	(5,730,297)
Change in net assets	-	-	-	-	-	-	344,509	344,509
Balance at June 30, 2010	44,698,739	33,773,875	2,224,450	-	10,000,000	12,682,372	(13,992,491)	89,386,945
Interest income allocated at the discretion of DHCD Secretary	-	-	-	-	-	2,050,896	(2,050,896)	-
Transfers out	-	-	-	-	-	(2,682,372)	-	(2,682,372)
Change in net assets	-	(13,122,952)	(7,629)	-	(203,360)	-	6,410,306	(6,923,635)
Balance at June 30, 2011	$ 44,698,739	$ 20,650,923	$ 2,216,821	$ -	$ 9,796,640	$ 12,050,896	$ (9,633,081)	$ 79,780,938

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CASH FLOWS

Years ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Receipts from premiums	$ 3,042,395	$ 1,287,969
Premiums refunded	(76,235)	(75,481)
Receipts from loans	2,475,021	94,837
Receipts from mortgage escrows	164,233	162,414
Payments for mortgage escrows	(218,350)	(184,421)
Receipts from miscellaneous fees	129,604	34,098
Payments for general and administrative expenses	(3,535,268)	(2,801,085)
Sale proceeds from acquired property	159,979	321,754
Payments for acquired property	(910,774)	(661,578)
Net cash provided by (used in) operating activities	1,230,605	(1,821,493)
Cash flows from investing activities		
Receipts from interest earned on reserves	2,050,896	2,182,372
Transfer to state funded programs	(2,682,372)	(5,730,297)
Net cash used in investing activities	(631,476)	(3,547,925)
Net increase (decrease) in cash	599,129	(5,369,418)
Deposit with State Treasurer, balance - beginning of year	105,706,118	111,075,536
Deposit with State Treasurer, balance - end of year	$ 106,305,247	$ 105,706,118

(continued)

Maryland Housing Fund

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30, 2011 and 2010

	2011	2010
Reconciliation of change in net assets to net cash (used in) provided by operating activities:		
Change in net assets	$ (6,923,635)	$ 344,509
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Receipts from interest earned on reserves	(2,050,896)	(2,182,372)
Decrease in loans and interest receivable	31,402	29,704
(Increase) decrease in acquired property	(6,943)	24,633
Increase in investments and other assets	(155,562)	(370,902)
(Decrease) increase in accounts payable and other accrued liabilities	(21,909)	369,433
Increase in allowance for unpaid insurance losses	10,446,476	558,473
Decrease in unearned premiums	(88,328)	(594,971)
Net cash provided by (used in) operating activities	$ 1,230,605	$ (1,821,493)

See notes to financial statements

NOTE 1 - PROGRAM DESCRIPTION

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

MHF maintains six restricted insurance reserves, which are separate from MHF's operating funds. Five of the reserves cover specific categories of insurance; the Multi-Family Reserve, the Single Family Regular Program Reserve, the Revitalization (PILOT) Reserve, the Home and Energy Loan Program (HELP) Reserve and the General Reserve. The investment earnings on each of the five specific reserves are credited to a sixth reserve, the Unallocated Reserve, which may be used to pay claims on all categories of insurance, may be transferred into any other reserve, or may be restricted for claims under a particular category. The Unallocated Reserve is available for any category of claims or for any other purpose consistent with contractual obligations with CDA's bondholders.

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

NOTE 1 - PROGRAM DESCRIPTION (CONTINUED)

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

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

- Regular Multi-Family Program insures permanent mortgages funded by CDA, the Housing Opportunities Commission of Montgomery County, and SunTrust Mortgage, Inc. These loans were originated prior to 2005.

- Risk-Share Program insures both construction and permanent mortgages financed with CDA bonds with credit enhancement under the Federal Housing Administration (FHA) Risk Sharing Program. Under the program, upon payment of a claim by FHA, CDA would be responsible for reimbursement to FHA of up to 50% of the claim. MHF would reimburse CDA for its share of such losses.

- Bridge Loan Program insures short term construction loans made for part of the development costs of rental housing projects that are awarded federal low income housing tax credits. MHF is no longer issuing new commitments under the program.

- Special Housing Opportunity Program (SHOP) insures mortgages financed or refinanced for the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population which are owned by and sponsored by nonprofit organizations.

- Single Family mortgages funded through private lenders and CDA for permanent mortgages in publicly designated renewal or redevelopment areas. Insurance offered provided 100% coverage and is backed by the Multi-Family Reserve Fund. MHF is not insuring any new loans under this program; MHF continues to manage the existing portfolio.

NOTE 1 - PROGRAM DESCRIPTION (CONTINUED)

B. The Single Family Regular Reserve insures mortgages funded by private Maryland lending institutions and CDA. These programs include:

- Single Family Regular Program consists of mortgages originated prior to 2005. These mortgages may have primary insurance (MHF is liable for the top 25% of the original mortgage) and/or pool insurance (MHF is liable for the bottom 75% of the original mortgage). Pool insurance coverage is limited to 10% of lendable proceeds for the aggregate of revenue bond issues (stop-loss). Effective August 1, 2010, MHF was released from any obligation to provide the pool insurance on these loans.

- Mortgage Protection Program consists of 30 and 40 year mortgages originated after 2005, funded through CDA bonds with primary coverage of only the top 35% of the original mortgage and up to six months of mortgage payments (limited to no more than $2,000 per month). These mortgages maintain a fixed rate of interest for the full loan term and allow borrowers to finance a one-time mortgage insurance premium in the mortgage, which will require no additional outlay of cash for closing, while lowering the monthly mortgage payment. These mortgages originated since 2005.

- Reinsurance Pool Program consists of mortgages that CDA had originated between 2005 and 2010 which had only 35% mortgage insurance. Effective January 1, 2011, MHF and CDA entered into the program. Under the program CDA pays a monthly premium for MHF to insure 50% of any losses incurred by CDA on the uninsured 65% up to $12.5 million. The program terminates on the earliest date of either when MHF has paid $12.5 million in claims or December 31, 2020. MHF has allowed for insurance losses as of June 30 2011. All claims will be paid from the Single Family Regular Reserve.

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

- Pilot Programs stimulates the flow of private mortgage capital into areas which have suffered decreasing home ownership and associated economic and social instability. These mortgages originated prior to 2005.

NOTE 1 - PROGRAM DESCRIPTION (CONTINUED)

- Healthy Neighborhood Program allocates up to $1 million of the Reserve to provide credit enhancement to a loan program sponsored by a nonprofit corporation, which is intended to stabilize and strengthen property values in targeted areas in the City of Baltimore. These mortgages originated since 2005.

D. Home and Energy Loan Program (HELP) Reserve had insured mortgages made prior to 2005 for the purpose of rehabilitation and energy conservation. The last loan insured under the program paid off in fiscal year 2009. MHF has transferred the Reserve account balance into the Unallocated Reserve account.

E. General Reserve insures single family mortgages originated since 2008 and provides credit enhancement to CDA and private mortgage lenders as an incentive to refinance or restructure loans for Maryland borrowers who are in trouble with an existing loan.

F. Unallocated Reserve may be allocated and transferred by the Secretary into each of the reserves, restricted by the Secretary as a reserve for the payment of a claim as part of a work-out, applied by MHF as payment of a claim or retained in the Unallocated Reserve pending allocation, transfer or restriction. Investment earnings on each of the six Reserves are credited to the Unallocated Reserve. Legislation enacted in fiscal year 2008 requires MHF to transfer from the Unallocated Reserve, any funds in excess of $10 million annually to the State Funded Housing Loan Programs. In fiscal year 2010, MHF transferred $5,730,297 to the State Funded Housing Loan Programs based on the fiscal year 2009 Unallocated Reserve account balance of $15,730,297. In fiscal year 2011, MHF transferred $2,682,372 to the State Funded Housing Loan Programs based on the fiscal year 2010 Unallocated Reserve account balance of $12,682,372.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Relationship with the State

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Generally Accepted Accounting Principles

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

C. Use of Estimates

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

D. Investments

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Acquired Property

Property acquired as a result of claims settled is carried at the principal claim cost, less management's estimate of expenses and losses related to the maintenance and sale of the property, which management believes approximates fair value less costs to sell. As of June 30, 2011, acquired property consisted of $72,635 of Single Family property and $-0- of Multi-Family property. As of June 30, 2010, acquired property consisted of $65,692 of Single Family property and $-0- of Multi-Family property.

G. Allowance for Unpaid Insurance Losses

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

H. Restricted Net Assets

In accordance with accounting guidance issued by the 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 funds and accounts whose purpose is to pay possible future claims are restricted as to their use, as is interest earned on these restricted assets.

I. Revenues and Expenses

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Premium Income Recognition

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

K. General and Administrative

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

NOTE 3 - CASH AND INVESTMENTS

A. Deposit with State Treasurer

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

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

B. Interest Rate Risk

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

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

C. Credit Risk and Concentration of Credit Risk

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

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

D. Custodial Credit Risk

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

E. Investment Held for Borrower

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

The following asset reported at fair market value and held by MHF at June 30, 2011 and 2010 is evaluated in accordance with accounting guidance issued by the GASB for interest rate risk, credit risk, concentration of credit risk and custodial credit risk. This investment is held as collateral on a Multi-Family loan and matures on April 15, 2024.

	2011	2010
Investment held for borrower (Obligations of U.S. Government Agencies)	$ 1,555,114	$ 1,476,112

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

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses. Mortgage loans, notes receivable and interest receivable were as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Multi-Family	$ 7,721,048	$ 10,100,812
Single Family	150,690	38,915
Interest receivable on loans	8,194,265	7,946,827
	16,066,003	18,086,554
Allowance for possible losses on Multi-Family loans	(7,299,721)	(9,658,319)
Allowance for possible losses on Single Family loans	(121,937)	-
Allowance for possible losses on interest receivable	(8,192,776)	(7,945,264)
Total allowance for possible losses	(15,614,434)	(17,603,583)
Loans and interest receivable, net of allowance for loans and related losses	$ 451,569	$ 482,971
Current portion, net of allowance	$ 167,078	$ 41,333
Non-current portion, net of allowance	284,491	441,638
Loans and interest receivable, net of allowance for loans and related losses	$ 451,569	$ 482,971

Changes in the allowance for possible losses on loans and interest receivable were as follows for the years ended June 30, 2011 and 2010:

	2011	2010
Balance, beginning of year	$ 17,603,583	$ 17,132,829
(Decrease) increase in provision	(1,989,149)	470,754
Balance, end of year	$ 15,614,434	$ 17,603,583

NOTE 5 - UNEARNED PREMIUMS

The unearned premiums for the unexpired terms of all policies in force or written as of June 30, 2011 and 2010, and the changes for the years then ended were as follows:

	2011			
	Unearned premiums at beginning of year	Premiums written	Premiums earned	Unearned premiums at end of year
Multi-Family Programs				
Construction and Permanent				
Mortgages	$ 394,691	1,628,403	1,044,337	$ 978,757
SHOP Loans	49,383	69,649	76,963	42,069
Multi-Family HELP	35	-	35	-
Total Multi-Family Programs	444,109	1,698,052	1,121,335	1,020,826
Single Family Programs				
Single Family Regular				
Primary	1,592,120	248,386	746,098	1,094,408
Pool	98,880	15,506	114,386	-
Reinsurance Pool	-	999,120	999,120	-
Revitalization (Pilot)	2,318	3,590	4,032	1,876
Community Development				
Administration under				
Multi-Family Reserve	336	915	925	326
General	198,057	-	68,001	130,056
Total Single Family Programs	1,891,711	1,267,517	1,932,562	1,226,666
Total for the year ended June 30, 2011	$ 2,335,820	$ 2,965,569	$ 3,053,897	$ 2,247,492

NOTE 5 - UNEARNED PREMIUMS (CONTINUED)

	2010			
	Unearned premiums at beginning of year	Premiums written	Premiums earned	Unearned premiums at end of year
Multi-Family Programs				
Construction and Permanent Mortgages	$ 406,324	$ 638,105	$ 649,738	$ 394,691
SHOP Loans	47,820	95,900	94,337	49,383
Multi-Family HELP	78	208	251	35
Total Multi-Family Programs	454,222	734,213	744,326	444,109
Single Family Programs				
Single Family Regular				
Primary	2,100,731	277,774	786,385	1,592,120
Pool	106,892	224,793	232,805	98,880
Revitalization (Pilot)	2,485	4,965	5,132	2,318
Community Development Administration under Multi-Family Reserve	402	943	1,009	336
General	266,059	-	68,002	198,057
Total Single Family Programs	2,476,569	508,475	1,093,333	1,891,711
Total for the year ended June 30, 2010	$ 2,930,791	$ 1,242,688	$ 1,837,659	$ 2,335,820

NOTE 6 - NON-CURRENT OBLIGATIONS

Changes in non-current obligations for the years ended June 30, 2011 and 2010 were as follows:

	2011				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	$ 209,658	$ 33,664	$ -	$ 243,322	$ 77,644
Workers' compensation	2,682	4,609	-	7,291	1,130
Investment held for borrower	1,476,112	79,002	-	1,555,114	-
Allowance for unpaid insurance losses	13,837,358	10,446,476	-	24,283,834	5,464,098
Total for the year ended June 30, 2011	$15,525,810	$ 10,563,751	$ -	$26,089,561	$ 5,542,872

	2010				
	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Compensated absences	$ 177,856	$ 31,802	$ -	$ 209,658	$ 64,910
Workers' compensation	3,000	-	(318)	2,682	416
Investment held for borrower	1,109,713	366,399	-	1,476,112	-
Allowance for unpaid insurance losses	13,278,885	558,473	-	13,837,358	1,434,296
Total for the year ended June 30, 2010	$14,569,454	$ 956,674	$ (318)	$15,525,810	$ 1,499,622

NOTE 7 - ALLOWANCE FOR UNPAID INSURANCE LOSSES

The allowance for unpaid insurance losses is the estimated claims settlement on notices of default that has been received by MHF, as well as loan defaults that have been incurred but have not been reported by the lenders. FASB guidance specifically excludes mortgage guaranty insurance from its guidance relating to the reserves for losses.

For insured Multi-Family program properties, MHF establishes loss reserves on a case-by-case basis when insured loans are identified as currently in default based on MHF's expected claim payment, net of estimated recovery. At June 30, 2011, MHF has no Multi-Family loans in default. As a result, MHF provides only limited loss reserves on the Multi-Family portfolio.

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

MHF's reserve process is based upon the assumptions of past experience, including the current real estate market and housing values in the locations where MHF has experienced high claim rates. Therefore, the reserves are necessarily based on estimates and the ultimate liability may vary from such estimates. Management regularly reviews the evaluation of the loss reserves utilizing current information and updates the assumptions in the estimation process accordingly. Any resulting adjustments are reflected in the current period's earnings as either a provision for losses or reduction in losses. Management believes that the allowance for unpaid insurance losses at June 30, 2011 was appropriately established on an aggregate basis and was adequate to cover the ultimate net cost of settling reported and unreported claims.

NOTE 7 - ALLOWANCE FOR UNPAID INSURANCE LOSSES (CONTINUED)

Changes in allowance for unpaid insurance losses were as follows:

	Multi-Family	Single Family	Total
Balance at June 30, 2009	$ 6,169,175	$ 7,109,710	$ 13,278,885
(Decrease) increase in provision	(70,389)	900,789	830,400
Charge-offs	-	(271,927)	(271,927)
Balance at June 30, 2010	6,098,786	7,738,572	13,837,358
(Decrease) increase in provision	(1,179,654)	11,881,099	10,701,445
Charge-offs	-	(254,969)	(254,969)
Balance at June 30, 2011	$ 4,919,132	$ 19,364,702	$ 24,283,834

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Multi-Family Mortgages

MHF insured mortgage loans as of June 30, 2011, net of partial claim payments, were as follows:

	Number	Current Balances
CDA Construction and Permanent Mortgages	46	$ 80,784,026
Loans financed by the Housing Opportunities Commission of Montgomery County	3	6,007,357
Loans financed by SunTrust Mortgage, Inc.	1	169,809
CDA SHOP Loans	150	17,810,310
CDA Single Family Loans under Multi-Family Reserves	14	201,572
	214	$ 104,973,074

As of June 30, 2011, MHF had committed to insure $12,198,276 in mortgages.

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Single Family Mortgages

All loans insured by MHF are with approved lenders and are collateralized by a first or second lien against the improved property, which must be located in the State of Maryland. The details of insured loans and commitments to insure loans as of June 30, 2011, were as follows:

	Insured Mortgages			
	Original Commitments		Current Balances	
	Number	Amount	Amount	Contingent Liability
Primary insurance coverage				
Single Family Regular				
25% insured	2,017	$ 106,546,394	$ 62,835,559	$ 15,708,890
35% insured	388	85,304,371	81,556,324	28,544,713
Revitalization (Pilot) Program				
100% insured	40	1,389,074	818,182	818,182
2.5% insured	133	27,500,329	26,300,103	657,503
General				
35% insured	44	11,483,983	11,141,053	3,899,369
Total	2,622	$ 232,224,151	$ 182,651,221	$ 49,628,657
Pool insurance coverage				
Single Family Regular				
Reinsurance Pool	5,440	$ 1,130,296,817	$ 1,101,576,852	$ 12,500,000

As of June 30, 2011, MHF had committed primary insurance coverage on 53 Revitalization (Pilot) Program mortgages in the amount of $6,511,963, with a liability of 2.5%.

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

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

MHF is a defendant in a legal action which has arisen in the normal course of business. Management represents the ultimate resolution of these matters will not have a material adverse effect on the financial position or results of operations.

NOTE 9 - PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of the State are covered under the retirement plans of the State Retirement and Pension System of Maryland (System) and are also entitled to certain healthcare benefits upon retirement. MHF's only liability for retirement and post-employment benefits is its required annual contribution, which was paid in full by MHF to the State of Maryland prior to year-end. The System is considered part of the State's financial reporting entity, and is not considered a part of MHF's reporting entity. The System prepares a separate Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland at 120 East Baltimore Street, Baltimore, Maryland 21202.

NOTE 10 - 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 MHF through October 13, 2011 (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.

In September 2011, MHF transferred $2,050,896 to the State Housing Loan Programs pursuant to 2008 Senate Bill 983 requiring, MHF to transfer all amounts in excess of $10,000,000 at the end of each fiscal year. The fiscal year 2011 Unallocated Reserve account balance was $12,050,896.

MARYLAND HOUSING FUND

INTERIM FINANCIAL STATEMENTS

As of December 31, 2011

(UNAUDITED)

Maryland Housing Fund

STATEMENTS OF NET ASSETS

December 31, 2011 and June 30, 2011

(UNAUDITED)

	12/31/2011	6/30/2011
ASSETS		
Current assets		
Unrestricted current assets		
Deposit with State Treasurer		
Operating account	$ 4,505,962	$ 4,391,228
Investments	81,657	-
Loans and interest receivable, net of allowance for loans and related losses	159,050	167,078
Acquired property	1,371,746	72,635
Other	175,365	98,682
Total unrestricted current assets	6,293,780	4,729,623
Restricted current assets		
Deposit with State Treasurer		
Reserve accounts	87,198,269	89,414,019
Reserve accounts - Reinsurance Pool Program	10,184,682	12,500,000
Total restricted current assets	97,382,951	101,914,019
Total current assets	103,676,731	106,643,642
Non-current assets		
Investment held for borrower	1,920,729	1,555,114
Loans and interest receivable, net of allowance for loans and related losses and current portion	274,911	284,491
Total non-current assets	2,195,640	1,839,605
Total assets	$ 105,872,371	$ 108,483,247

(continued)

Maryland Housing Fund

STATEMENTS OF NET ASSETS - CONTINUED

December 31, 2011 and June 30, 2011

(UNAUDITED)

	12/31/2011	6/30/2011
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 413,391	$ 81,424
Accrued compensated absences	77,644	77,644
Accrued workers' compensation	1,130	1,130
Mortgage escrow accounts	251,993	283,832
Unearned premiums	2,044,876	2,247,492
Allowance for unpaid insurance losses	2,502,698	5,464,098
Total current liabilities	5,291,732	8,155,620
Non-current liabilities		
Accrued compensated absences, net of current portion	165,678	165,678
Accrued workers' compensation, net of current portion	6,161	6,161
Investment held for borrower	1,920,729	1,555,114
Allowance for unpaid insurance losses, net of current portion	19,962,149	18,819,736
Total non-current liabilities	22,054,717	20,546,689
Total liabilities	27,346,449	28,702,309
Net assets		
Restricted net assets		
Multi-Family Reserve	44,698,739	44,698,739
Regular Single Family Reserve	20,341,162	20,650,923
Revitalization (Pilot) Reserve	2,216,821	2,216,821
General Reserve	9,796,640	9,796,640
Unallocated Reserve	10,628,989	12,050,896
Total restricted net assets	87,682,352	89,414,019
Unrestricted accumulated deficit	(9,156,429)	(9,633,081)
Total net assets	78,525,922	79,780,938
Total liabilities and net assets	$ 105,872,371	$ 108,483,247

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF REVENUES AND EXPENSES

December 31, 2011 and June 30, 2011

(UNAUDITED)

	12/31/2011	12/31/2010
Revenues		
Net premiums	$ 2,000,810	$ 983,077
Interest income on reserves	628,989	853,714
Interest income on loans	266,967	267,736
Other income	34,549	81,724
Total operating revenues	2,931,315	2,186,251
Expenses		
General and administrative	2,000,000	1,400,001
Acquired property expenses	710,976	327,473
Net loss on sales of acquired property	13,683	6,985
Benefits for insurance and loan losses	(589,224)	(1,422,320)
Total operating expenses	2,135,435	312,139
Change in net assets	795,880	1,874,112

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended December 31, 2011 and years ended June 30, 2011 and 2010

(Unaudited)

	Restricted Net Assets						Unrestricted	
	Multi-Family Reserve	Regular Single Family Reserve	Revitalization (Pilot) Reserve	Home and Energy Loan Reserve	General Reserve	Unallocated Reserve	Accumulated Deficit	Total
Balance at June 30, 2010	$ 44,698,739	$ 33,773,875	$ 2,224,450	$ -	$ 10,000,000	$ 12,682,372	$ (13,992,491)	$ 89,386,945
Interest income allocated at the discretion of DHCD Secretary	-	-	-	-		2,050,896	(2,050,896)	-
Transfers out	-	-	-	-		(2,682,372)		(2,682,372)
Change in net assets	-	(13,122,952)	(7,629)	-	(203,360)	-	6,410,306	(6,923,635)
Balance at June 30, 2011	44,698,739	20,650,923	2,216,821	-	9,796,640	12,050,896	(9,633,081)	79,780,938
Interest income allocated at the discretion of DHCD Secretary	-	-	-	-	-	628,989	(628,989)	-
Transfers out	-	-	-	-	-	(2,050,896)	-	(2,050,896)
Change in net assets	-	(309,761)	-	-	-	-	1,105,641	795,880
Balance at December 31, 2011	$ 44,698,739	$ 20,341,162	$ 2,216,821	$ -	$ 9,796,640	$ 10,628,989	$ (9,156,429)	$ 78,525,922

See notes to financial statements

Maryland Housing Fund

STATEMENTS OF CASH FLOWS

As of December 31, 2011 and December 31, 2010

(UNAUDITED)

	12/31/2011	12/31/2010
Cash flows from operating activities		
Receipts from premiums	$ 1,821,465	$ 1,282,632
Premiums refunded	(27,587)	(51,961)
Receipts from loans	26,029	681,238
Receipts from mortgage escrows	72,148	82,116
Payments for mortgage escrows	(103,988)	(208,814)
Receipts from miscellaneous fees	34,032	81,207
Payments for general and administrative expenses	(1,650,961)	(361,746)
Sale proceeds from acquired property	45,232	50,455
Payments for acquired property	(3,129,143)	(434,380)
Net cash (used in) provided by operating activities	(2,912,773)	1,120,747
Cash flows from investing activities		
Receipts from interest earned on reserves	547,334	668,142
Transfer out to state funded programs	(2,050,896)	(3,091,993)
Net cash used in investing activities	(1,503,562)	(2,423,851)
Net decrease in cash	(4,416,335)	(1,303,104)
Deposit with State Treasurer, balance - beginning of period	106,305,247	105,706,118
Deposit with State Treasurer, balance - end of period	$ 101,888,912	$ 104,403,015

	12/31/2011	12/31/2010
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	$ 795,880	$ 1,874,112
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Receipts from interest earned on reserves	(628,989)	(853,714)
Decrease in loans and interest receivable	17,606	16,136
Increase in acquired property	(1,299,111)	(10,791)
Increase in investments and other assets	(442,298)	(48,669)
Increase in accounts payable and other accrued liabilities	665,742	836,635
Decrease allowance for unpaid insurance losses	(1,818,987)	(945,202)
Decrease (increase) in unearned premiums	(202,616)	252,240
Net cash (used in) provided by operating activities	$ (2,912,773)	$ 1,120,747

See notes to financial statements

Maryland Housing Fund

NOTES TO FINANCIAL STATEMENTS

December 31, 2011 and December 31, 2010

(Unaudited)

1. GENERAL DISCLOSURE

In the opinion of management, the accompanying financial statements of the Maryland Housing Fund present fairly the financial position at December 31, 2011 and the results of its operations for the six months ended December 31, 2011. These statements are unaudited, and certain information and footnote disclosures normally included in the audited annual financial statements have been omitted.

2. CASH AND INVESTMENTS

	12/31/11	06/30/11	Delta
Investment held for borrower (Obligation of US Government Agencies)	1,920,729	1,555,114	0.24

2. LOANS AND INTEREST RECEIVABLE, NET OF ALLOWANCE FOR LOANS AND RELATED LOSSES

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses. Mortgage loans, notes receivable and interest receivable were as follows for the periods ended December 31, 2011 and June 30, 2011:

	12/31/2011	6/30/2011
Multi-Family	$ 7,710,128	$ 7,721,048
Single Family	145,490	150,690
Interest receivable on loans	8,451,321	8,194,265
	16,306,939	16,066,003
Allowance for possible losses on Multi-Family loans	(7,299,720)	(7,299,721)
Allowance for possible losses on Single-Family loans	(121,937)	(121,937)
Allowance for possible losses on interest receivable	(8,451,322)	(8,192,776)
Total allowance for possible losses	(15,872,979)	(15,614,434)
Loans and interest receivable, net of allowance for loans and related losses	$ 433,961	$ 451,569
Current portion, net of allowance	$ 159,050	$ 167,078
Non-current portion, net of allowance	274,911	284,491
Loans and interest receivable, net of allowance for loans and related losses	$ 433,961	$ 451,569

Changes in the allowance for possible losses on loans and interest receivable were as follows for the periods ended December 31, 2011 and December 31, 2010:

	12/31/2011	6/30/2011
Balance, beginning of period	$ 15,614,434	$ 17,603,583
Provision (benefit) charged to operations	258,545	(1,989,149)
Balance, end of period	$ 15,872,979	$ 15,614,434

3. ALLOWANCE FOR UNPAID INSURANCE AND RELATED LOSSES

Changes in allowance for unpaid insurance losses were as follows:

	Multi-Family	Single Family	Total
Balance at June 30, 2010	$ 6,098,786	$ 7,738,572	$ 13,837,358
(Decrease) increase in provision	(1,179,654)	11,881,099	10,701,445
Charge-offs	-	(254,969)	(254,969)
Balance at June 30, 2011	4,919,132	19,364,702	24,283,834
Increase (decrease) in provision	638,691	(1,486,460)	(847,769)
Charge-offs	-	(971,218)	(971,218)
Balance at December 31, 2011	$ 5,557,823	$ 16,907,024	$ 22,464,847

APPENDIX J

INVESTMENTS HELD IN THE RESIDENTIAL REVENUE BOND FUNDS
As of December 31, 2011

Principal Balance		Guaranteed Investment Contract Provider and Other Investments	Rate of Earnings	Maturity	
		Program Fund			***Program Fund Series***
$1,754,179		Money Market Funds	Varies	On demand	2006 Series O and P
$3,000,000		Money Market Funds	Varies	On demand	2007 Series A
$2,432,227		Money Market Funds	Varies	On demand	2007 Series G and H
$414,342		Money Market Funds	Varies	On demand	2007 Series K
$13,359,335		Money Market Funds	Varies	On demand	2008 Series A
$9,024,190		Money Market Funds	Varies	On demand	2008 Series B, C and D
$7,585,000		Money Market Funds	Varies	On demand	2009 Series A
$9,620,475		Money Market Funds	Varies	On demand	2009 Series B
$7,805,069		Money Market Funds	Varies	On demand	2009 Series C
		Revenue (Float) Fund			
$62,105,065		Money Market Funds	Varies	On demand	
$8,022,216		Westdeutsche Landesbank Gironzentrale, New York Branch	5.96%	9/1/2029	
		Reserve Fund			
$42,735,361		Money Market Funds	Varies	On demand	
$2,647,123	(1)	Federal Farm Credit Bonds	5.25%	8/13/2019	
$1,231,569		Westdeutsche Landesbank Gironzentrale, New York Branch	5.22%	9/1/2029	
$4,176,645	(1)	Federal Home Loan Mortgage Corp.	6.75%	9/15/2029	
$1,176,471		Westdeutsche Landesbank Gironzentrale, New York Branch	5.82%	9/1/2031	
$2,960,324	(1)	Federal Home Loan Mortgage Corp.	6.25%	7/15/2032	

Principal Balance		Guaranteed Investment Contract Provider and Other Investments	Rate of Earnings	Maturity
		Collateral Reserve Fund *(2)*		
$95,538,266		Money Market Funds	Varies	On demand
$8,750,000		Westdeutsche Landesbank Gironzentrale, New York Branch	5.96%	9/1/2029
$7,592,746	(1)	Government National Mortgage Association	3.75%	4/15/2041
		Warehouse Loan Fund *(3)*		
$41,974,513		Money Market Funds	Varies	On demand
		Other Funds		
$14,231,987		Money Market Funds	Varies	On demand

(1) In keeping with the provisions of GASB 31, these investments are reported at fair value. The total book value at December 31, 2011 for the investments referenced was $14,323,965 and the cumulative increase in fair value of these investments was $3,052,873.

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

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

APPENDIX K

RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY BOND SERIES AND INTEREST RATE as of December 31, 2011 (1) (2)

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
1997 Series A			**198**	**16,992,005**	**42**	**2,330,101**
	4.000%		41	3,633,437	14	755,480
	6.000%		2	173,590	1	43,974
	6.400%		154	13,140,565	26	1,493,421
	7.500%		1	44,413	1	37,226
1997 Series B			**999**	**81,734,211**	**210**	**11,727,005**
	4.000%		210	17,674,896	89	5,053,856
	5.500%	(4), (4.1)	48	3,998,716	12	686,665
	6.400%		732	59,127,375	107	5,848,842
	6.900%		9	933,224	2	137,642
1998 Series A			**61**	**4,552,300**	**20**	**1,047,981**
	5.000%		49	3,602,864	17	912,457
	6.100%		12	949,436	3	135,524
1998 Series B			**899**	**76,127,569**	**178**	**9,980,812**
	5.500%	(4), (4.2)	201	18,513,498	51	3,289,270
	6.100%		665	54,369,384	125	6,508,217
	6.250%		9	1,033,541	1	93,558
	6.500%		3	297,847	0	0
	6.750%		21	1,913,299	1	89,766
1998 Series D			**708**	**67,428,567**	**155**	**10,407,873**
	4.000%	(4), (4.3)	33	2,845,870	15	908,045
	5.500%	(4), (4.4)	647	61,743,859	137	9,270,352
	5.500%		11	982,596	0	0
	6.375%		17	1,856,242	3	229,476
1999 Series C			**25**	**2,584,548**	**9**	**847,295**
	5.000%		20	1,982,759	7	657,946
	6.125%		1	124,287	0	0
	6.900%		4	477,502	2	189,350
1999 Series D			**592**	**56,333,589**	**102**	**6,808,992**
	6.000%		150	13,996,588	28	1,779,007
	6.125%		353	33,902,866	58	3,846,096
	6.500%		89	8,434,135	16	1,183,888
1999 Series E			**239**	**22,351,652**	**36**	**2,558,310**
	4.750%	(5), (5.8)	4	394,307	2	178,178
	4.950%	(5), (5.7)	9	989,443	5	406,388
	5.750%	(5), (5.1)	38	3,771,241	10	756,629
	4.950%		3	290,716	1	111,772
	6.000%		1	161,100	0	0
	6.125%		5	565,650	1	95,530
	6.750%		73	6,559,151	7	401,199
	7.000%		106	9,620,044	10	608,614
1999 Series F			**596**	**56,193,694**	**62**	**4,050,890**
	6.125%		1	80,600	0	0
	6.500%		265	24,041,780	36	2,343,747
	6.750%		69	6,780,630	8	545,665
	6.900%		2	234,547	0	0
	7.000%		214	20,439,573	14	976,567
	7.250%		9	924,241	1	50,808
	7.500%		36	3,692,323	3	134,103

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
1999 Series H			**614**	**58,868,174**	**71**	**4,929,688**
	6.000%		158	16,020,135	39	2,788,993
	6.250%		1	64,450	0	0
	7.000%		254	23,728,090	24	1,567,784
	7.250%		142	13,335,578	6	434,367
	7.500%		59	5,719,921	2	138,545
						0
2000 Series A			**83**	**7,818,452**	**9**	**574,038**
	6.900%		75	7,002,330	8	500,494
	7.000%		1	64,648	0	0
	7.500%		7	751,474	1	73,544
2000 Series B			**673**	**68,248,331**	**109**	**8,181,454**
	5.000%	(5), (5.3)	13	1,265,057	5	364,541
	5.000%		25	2,528,717	9	735,061
	5.050%	(5), (5.6)	4	375,455	2	124,884
	5.750%		98	11,039,408	25	2,045,144
	5.875%		123	11,767,170	38	3,023,000
	6.900%		157	15,753,125	11	625,017
	7.250%		253	25,519,399	19	1,263,807
2000 Series C			**63**	**5,975,178**	**5**	**370,910**
	7.125%		1	39,979	0	0
	7.250%		62	5,935,199	5	370,910
2000 Series D			**716**	**72,613,685**	**89**	**6,600,616**
	4.750%		3	291,990	0	0
	5.000%	(5), (5.3)	58	5,750,253	21	1,657,004
	5.750%		26	2,821,884	6	481,821
	5.875%		36	3,765,184	6	441,042
	6.000%		13	1,460,445	1	45,535
	6.250%		14	1,479,231	1	132,434
	6.900%		8	874,569	0	0
	7.000%		7	643,123	0	0
	7.125%		335	34,038,611	37	2,645,784
	7.250%		199	19,866,106	17	1,196,997
	7.500%		17	1,622,289	0	0
2000 Series F			**162**	**14,922,531**	**19**	**1,289,886**
	6.000%		1	147,300	0	0
	6.750%		143	13,074,753	16	1,075,063
	7.000%		12	1,167,793	0	0
	7.125%		6	532,685	3	214,823
2000 Series G			**729**	**75,583,394**	**146**	**11,059,726**
	5.000%	(4), (4.5)	347	38,917,567	71	5,826,999
	5.000%	(5), (5.4)	38	3,755,747	16	1,215,544
	5.500%		2	129,312	1	46,652
	5.875%		88	8,037,054	26	1,930,873
	6.900%		23	2,681,774	3	266,382
	6.750%		1	87,500	0	0
	7.000%		96	9,293,184	13	867,188
	7.125%		45	4,333,000	7	456,117
	7.250%		42	3,960,526	5	247,827
	7.500%		47	4,387,730	4	202,144

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ [(2)]	Number of Outstanding Loans	Outstanding Principal Balance $ [(2)]
2000 Series H			**551**	**53,429,090**	**71**	**5,192,025**
	4.750%	(5), (5.8)	18	1,636,729	10	739,600
	5.500%		28	2,353,445	14	1,028,119
	5.875%		29	3,461,107	5	484,224
	6.000%		27	2,552,760	6	426,672
	6.125%		1	148,100	0	0
	6.250%		17	1,979,952	0	0
	6.375%		94	8,970,879	14	1,031,246
	6.500%		2	181,700	1	72,946
	6.600%		3	273,077	0	0
	6.750%		21	2,103,350	4	339,973
	7.000%		82	7,663,564	11	717,437
	7.125%		2	182,379	0	0
	7.250%		49	5,175,460	1	41,818
	7.500%		178	16,746,588	5	309,992
2001 Series A			**172**	**15,488,359**	**85**	**5,955,866**
	4.000%	(5), (5.2)	160	14,406,838	79	5,549,309
	4.750%	(5), (5.5)	12	1,081,521	6	406,557
2001 Series B			**403**	**40,065,808**	**134**	**10,407,066**
	4.750%	(5), (5.8)	62	5,491,320	32	2,481,401
	5.875%	(4), (4.6)	117	12,261,228	23	1,790,688
	5.000%	(5), (5.4)	151	15,022,989	62	4,862,175
	5.875%		14	1,448,897	6	484,266
	6.125%		59	5,841,374	11	788,536
2001 Series E			**141**	**13,490,845**	**42**	**3,221,741**
	5.500%		18	1,544,567	4	278,781
	5.750%		44	4,470,263	10	799,407
	5.875%		79	7,476,015	28	2,143,552
2001 Series F			**700**	**69,277,170**	**185**	**14,129,389**
	4.000%	(4), (4.8)	104	9,392,606	51	3,682,044
	4.950%	(5), (5.7)	28	3,049,101	14	1,252,337
	5.050%	(5), (5.6)	13	1,256,956	6	418,089
	5.750%	(5), (5.1)	249	24,782,543	63	4,972,156
	5.250%		2	201,888	0	0
	5.750%		2	185,850	0	0
	5.875%		39	4,184,509	10	773,185
	6.000%	(4), (4.7)	58	6,282,739	8	594,406
	6.125%		136	13,362,933	25	1,808,943
	6.250%		42	3,830,881	3	220,648
	6.375%		2	197,476	1	48,094
	6.000%		2	201,633	0	0
	6.500%		1	94,242	1	74,669
	6.750%		4	409,076	2	198,889
	6.900%		2	180,206	0	0
	7.000%		4	351,960	0	0
	7.125%		8	917,816	0	0
	7.250%		4	394,755	1	85,929
2001 Series G			**101**	**9,909,563**	**27**	**2,175,041**
	5.000%		13	1,430,799	4	376,685
	5.750%		17	1,795,404	4	256,654
	5.875%		71	6,683,360	19	1,541,702

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2001 Series H			**417**	**38,792,365**	**195**	**14,337,726**
	4.000%	(5), (5.2)	232	20,955,436	116	8,071,736
	4.750%	(5), (5.5)	39	3,424,816	18	1,287,430
	5.000%		27	2,782,283	14	1,136,845
	5.250%		6	683,303	0	0
	5.500%		56	4,330,052	26	1,746,785
	5.500%	(5), (5.9)	10	1,593,518	8	1,080,993
	5.750%		41	4,426,872	11	828,194
	5.875%		6	596,085	2	185,743
2002 Series A			**59**	**7,795,314**	**30**	**3,794,602**
	4.950%		23	2,443,293	11	943,561
	5.000%		4	398,607	2	151,232
	5.050%		7	739,784	3	264,953
	5.500%		4	315,855	1	57,475
	5.750%		2	209,609	0	0
	5.875%		1	78,746	1	76,374
	6.000%	(5), (5.10)	18	3,609,420	12	2,301,008
2003 Series A			**79**	**9,224,370**	**40**	**4,020,135**
	4.000%		3	173,550	3	148,421
	4.950%		74	8,751,820	37	3,871,715
	5.050%		1	170,600	0	0
	5.750%		1	128,400	0	0
2003 Series B			**142**	**15,582,439**	**76**	**6,571,187**
	4.000%		14	767,050	13	587,810
	4.950%		122	14,177,671	61	5,862,794
	5.000%		2	156,400	1	60,393
	5.050%		3	409,918	0	0
	5.500%		1	71,400	1	60,190
2003 Series C			**167**	**19,315,068**	**83**	**8,108,547**
	4.000%		2	109,600	2	91,178
	4.950%		161	18,775,840	80	7,957,136
	5.050%		3	284,628	1	60,233
	5.250%		1	145,000	0	0
2004 Series A			**90**	**10,360,109**	**45**	**4,502,056**
	4.000%		1	54,800	0	0
	4.950%		89	10,305,309	45	4,502,056
2004 Series B			**183**	**19,346,007**	**97**	**8,157,200**
	4.000%		13	748,950	8	388,506
	4.750%		29	2,279,721	20	1,145,403
	4.950%		140	16,177,065	68	6,503,476
	5.050%		1	140,271	1	119,815
2004 Series C			**89**	**9,940,644**	**0**	**0**
	4.950%		89	9,940,644	0	0
2004 Series D			**108**	**12,549,774**	**60**	**5,828,215**
	4.875%		24	2,515,629	16	1,409,899
	4.950%		83	9,977,645	44	4,418,316
	5.000%		1	56,500	0	0
2004 Series E			**233**	**26,846,480**	**129**	**12,729,453**
	4.750%		20	1,582,179	11	795,425
	4.875%		21	2,051,624	13	1,150,098
	4.950%		156	18,716,672	87	8,974,409
	5.250%		35	4,391,866	17	1,704,161
	5.500%		1	104,139	1	105,359

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2004 Series F			**158**	**19,324,293**	**93**	**9,651,110**
	4.875%		12	1,215,300	7	528,637
	4.950%		59	6,876,147	37	3,702,995
	5.125%		19	2,626,708	10	1,331,696
	5.250%		19	2,666,673	10	1,048,861
	5.500%		49	5,939,465	29	3,038,921
2004 Series G			**113**	**12,996,789**	**55**	**5,249,369**
	5.000%		7	473,413	6	340,255
	5.500%		106	12,523,376	49	4,909,113
2004 Series H			**219**	**26,715,004**	**122**	**13,107,244**
	4.875%		62	6,900,204	44	4,409,217
	4.950%		34	4,406,672	15	1,806,197
	5.000%		1	77,100	1	67,907
	5.125%		13	1,586,951	6	632,735
	5.250%		17	2,429,990	6	704,833
	5.500%		70	8,495,723	39	4,161,434
	5.625%		22	2,818,364	11	1,324,921
2004 Series I			**159**	**19,277,983**	**84**	**8,673,574**
	5.125%		15	1,760,213	11	1,044,689
	5.500%		144	17,517,770	73	7,628,885
2005 Series A			**113**	**12,313,633**	**68**	**6,030,646**
	4.875%		73	7,239,216	47	3,769,753
	4.950%		2	264,864	1	98,281
	5.125%		2	315,300	0	0
	5.250%		6	755,648	3	256,146
	5.500%		1	248,035	0	0
	5.625%		29	3,490,570	17	1,906,465
2005 Series B			**240**	**27,446,136**	**153**	**15,342,065**
	4.875%		45	4,876,412	31	2,979,608
	5.000%		29	2,154,101	26	1,685,891
	5.250%		4	465,972	4	418,838
	5.500%		51	5,948,622	29	3,217,301
	5.625%		111	14,001,029	63	7,040,427
2005 Series C			**46**	**5,396,946**	**0**	**0**
	4.875%		11	1,453,855	0	0
	5.000%		7	578,936	0	0
	5.250%		4	572,650	0	0
	5.500%		10	1,137,233	0	0
	5.625%		14	1,654,272	0	0
2005 Series D			**85**	**12,859,954**	**60**	**7,804,718**
	4.875%		16	1,688,555	13	1,231,295
	5.000%		14	1,082,256	12	769,611
	5.125%		1	245,000	1	237,356
	5.250%		5	643,049	3	262,186
	5.375%		3	721,000	3	704,252
	5.625%		9	1,118,504	7	705,848
	5.875%		23	4,777,059	11	2,114,335
	5.950%		14	2,584,531	10	1,779,835

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2005 Series E			**305**	**43,519,211**	**235**	**30,333,280**
	4.750%		1	255,000	1	250,459
	4.875%		93	11,478,520	73	7,834,537
	5.000%		7	1,033,399	7	968,580
	5.250%		9	1,181,811	7	854,565
	5.375%		1	166,000	1	161,121
	5.500%		100	13,886,261	75	9,621,455
	5.500%	(5), (5.9)	75	11,531,901	58	7,822,881
	5.625%		5	758,386	2	394,725
	5.875%		14	3,227,933	11	2,424,957
2006 Series A			**73**	**11,607,921**	**57**	**8,169,656**
	4.375%		1	245,000	1	240,907
	4.500%		1	260,000	1	256,171
	4.875%		30	4,294,939	25	3,259,711
	5.000%		2	350,380	2	337,856
	5.250%		3	311,363	2	206,893
	5.500%		27	4,262,178	21	2,932,342
	5.875%		9	1,884,061	5	935,775
2006 Series B			**279**	**47,295,765**	**219**	**34,132,751**
	3.875%		2	343,400	2	336,947
	4.500%		4	893,400	4	870,808
	4.875%		98	15,478,449	85	12,494,262
	5.000%		3	661,114	3	639,118
	5.250%		12	2,296,906	11	1,983,086
	5.500%		128	20,685,094	92	13,308,200
	5.625%		1	97,500	1	93,829
	5.875%		30	6,621,607	20	4,197,045
	6.000%		1	218,295	1	209,456
2006 Series E			**121**	**22,807,005**	**98**	**18,029,101**
	3.875%		3	751,900	3	728,158
	4.250%		1	169,550	1	168,160
	4.500%		1	154,900	1	153,164
	4.750%		2	525,300	2	516,393
	4.875%		37	6,642,837	27	4,841,691
	5.250%		16	3,412,170	13	2,686,718
	5.500%		47	8,547,063	39	6,862,667
	5.750%		6	1,258,096	5	1,018,365
	5.875%		8	1,345,189	7	1,053,786
2006 Series F			**310**	**57,464,822**	**247**	**43,212,364**
	3.875%		6	1,390,100	6	1,373,138
	3.950%		1	329,900	1	317,725
	4.000%		1	158,900	1	150,170
	4.125%		1	170,000	1	164,812
	4.250%		3	666,000	3	656,087
	4.500%		6	1,041,400	6	1,010,957
	4.750%		4	730,400	4	725,082
	4.875%		105	18,075,451	78	12,712,502
	4.950%		19	3,151,881	16	2,583,867
	5.000%		3	692,550	3	657,357
	5.250%		28	5,663,094	22	4,437,727
	5.375%		2	458,900	2	418,216
	5.500%		88	16,661,812	69	12,032,607
	5.625%		3	584,273	2	206,343
	5.750%		23	3,858,077	21	3,246,748
	5.875%		9	2,001,150	6	1,338,389
	6.000%		6	1,392,284	4	793,845
	6.375%		2	438,650	2	386,792

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2006 Series G			**195**	**38,789,329**	**155**	**29,054,486**
	2.000%		1	135,000	1	135,720
	3.875%		4	1,096,300	4	1,072,740
	3.950%		1	68,100	1	67,200
	4.250%		1	170,300	1	169,750
	4.500%		1	222,000	1	217,965
	4.625%		1	329,000	1	324,584
	4.750%		3	637,645	3	631,932
	4.875%		21	3,195,053	13	2,002,683
	4.950%		25	4,476,764	23	3,547,503
	5.000%		2	454,400	2	451,323
	5.075%		1	127,500	0	0
	5.250%		17	3,078,042	14	2,296,565
	5.375%		1	239,000	1	228,320
	5.500%		43	8,686,671	31	5,846,232
	5.625%		2	382,900	2	368,941
	5.750%		34	7,847,475	30	6,456,320
	5.875%		1	338,000	0	0
	6.000%		22	4,403,429	16	3,010,375
	6.125%		2	331,000	2	322,487
	6.250%		1	155,750	1	144,094
	6.375%		5	896,000	2	356,049
	6.500%		2	536,000	2	436,653
	6.625%		2	346,000	2	344,333
	6.750%		1	337,000	1	324,249
	7.000%		1	300,000	1	298,468
2006 Series H			**85**	**16,917,935**	**58**	**10,785,195**
	6.000%	(5), (5.10)	85	16,917,935	58	10,785,195
2006 Series I			**746**	**142,915,431**	**561**	**99,776,164**
	3.875%		4	1,339,048	4	1,213,734
	3.950%		2	563,000	2	556,795
	4.375%		4	769,950	4	733,505
	4.500%		8	1,842,576	8	1,787,782
	4.625%		5	1,145,600	5	1,132,450
	4.750%		3	508,310	3	502,371
	4.875%		52	9,742,599	42	7,659,073
	4.950%		45	8,167,918	38	6,471,810
	5.000%		7	1,583,054	7	1,535,086
	5.125%		6	1,720,400	6	1,717,580
	5.075%		1	93,000	1	88,518
	5.250%		45	7,878,290	36	5,765,573
	5.375%		12	2,326,806	7	1,226,435
	5.500%		144	25,827,661	110	18,117,942
	5.625%		23	5,149,585	15	2,969,399
	5.750%		99	18,516,155	77	13,043,164
	5.875%		28	6,230,350	19	3,952,269
	6.000%		77	14,688,792	46	7,662,687
	6.000%	(5), (5.10)	10	2,076,304	7	1,323,645
	6.125%		23	5,287,050	17	3,791,633
	6.250%		123	22,358,712	90	15,153,760
	6.375%		8	1,520,001	5	885,368
	6.500%		4	851,000	2	494,945
	6.625%		11	2,203,270	9	1,771,442
	6.750%		2	526,000	1	219,197

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2006 Series J			**300**	**58,250,788**	**224**	**40,843,810**
	3.950%		1	148,131	1	145,906
	4.500%		4	885,800	4	879,024
	4.750%		2	333,662	2	326,660
	4.875%		7	1,015,113	6	826,757
	4.950%		7	1,510,050	2	406,904
	5.000%		2	368,350	1	99,196
	5.250%		8	1,898,574	6	1,525,738
	5.375%		5	1,180,400	4	944,949
	5.500%		53	8,748,055	45	6,748,617
	5.625%		7	1,439,192	4	832,837
	5.750%		37	6,827,539	29	4,925,949
	5.875%		13	2,110,434	12	1,853,633
	6.000%		38	7,878,834	24	4,901,755
	6.125%		11	2,759,240	3	715,895
	6.250%		66	12,629,456	48	8,757,284
	6.375%		6	1,341,170	6	1,270,161
	6.500%		3	422,931	2	362,271
	6.625%		7	1,754,500	5	1,158,485
	6.750%		2	558,939	1	230,823
	7.125%		16	3,315,418	14	2,806,046
	7.500%		2	446,000	2	445,919
	7.625%		3	679,000	3	679,000
2006 Series K			**27**	**5,542,364**	**23**	**4,548,332**
	4.750%		1	257,125	1	254,800
	5.250%		1	139,397	1	137,094
	5.375%		1	249,750	1	247,166
	5.625%		4	732,320	4	683,861
	5.750%		8	1,590,242	7	1,331,351
	6.000%		4	570,806	4	553,282
	6.125%		2	462,825	1	205,700
	6.375%		4	1,050,899	3	870,005
	6.625%		1	266,000	1	265,074
	7.125%		1	223,000	0	0
2006 Series L			**830**	**163,506,274**	**642**	**119,553,156**
	3.950%		1	274,500	1	267,124
	4.250%		3	750,900	3	736,037
	4.375%		2	467,525	2	466,369
	4.500%		8	1,801,650	8	1,773,794
	4.625%		2	750,500	2	730,928
	4.750%		10	2,207,647	10	2,174,884
	4.875%		2	233,111	2	213,315
	4.950%		13	2,397,636	10	1,775,513
	5.000%		16	1,987,944	16	1,881,140
	5.075%		1	197,500	1	200,991
	5.125%		1	244,900	1	243,460
	5.250%		80	14,701,868	67	11,784,488
	5.375%		9	2,091,000	9	2,032,634
	5.500%		160	29,249,778	135	22,655,415
	5.625%		21	4,488,636	15	2,987,243
	5.750%		142	28,532,899	100	19,164,905
	5.875%		8	1,842,094	6	1,470,253
	6.000%		90	18,351,604	72	14,308,930
	6.125%		20	4,200,910	15	3,028,592
	6.250%		184	35,639,275	133	23,799,743
	6.375%		16	3,916,352	14	3,373,229
	6.500%		10	2,190,466	5	1,054,495
	6.625%		23	5,252,033	10	2,294,170
	6.750%		8	1,735,546	5	1,135,502

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2006 Series O			**49**	**9,707,644**	**42**	**8,024,296**
	4.250%		1	273,581	1	265,665
	4.500%		3	625,482	3	614,632
	5.250%		5	816,949	3	367,362
	5.375%		1	113,700	1	108,019
	5.500%		9	1,923,710	9	1,879,829
	5.750%		12	2,130,840	11	1,924,488
	6.000%		7	1,544,282	5	979,457
	6.250%		5	949,650	5	925,533
	6.500%		2	310,400	2	299,423
	6.625%		2	685,150	2	659,887
	6.750%		2	333,900	0	0
2006 Series P			**425**	**84,666,902**	**341**	**64,149,753**
	2.750%		1	245,000	1	246,324
	4.250%		1	125,200	1	124,002
	4.500%		4	898,073	4	885,025
	4.750%		6	1,526,392	6	1,516,793
	4.950%		4	491,324	4	483,308
	5.000%		15	2,698,035	15	2,586,815
	5.250%		47	8,368,651	39	6,625,436
	5.375%		4	824,400	2	332,493
	5.500%		102	19,875,927	84	15,250,311
	5.625%		5	1,081,611	4	799,363
	5.750%		67	14,108,772	55	11,047,368
	5.875%		7	1,423,768	6	1,093,644
	6.000%		98	19,435,887	76	14,404,749
	6.125%		8	1,445,545	4	673,990
	6.250%		3	611,800	3	593,884
	6.250%	(5), (5.11)	18	3,366,396	14	2,498,381
	6.375%		11	2,566,628	7	1,541,303
	6.500%		13	3,030,583	10	2,099,859
	6.625%		8	1,865,110	4	978,624
	6.750%		3	677,800	2	368,081
2006 Series S			**129**	**24,465,406**	**101**	**18,157,075**
	6.250%	(5), (5.11)	129	24,465,406	101	18,157,075
2007 Series A			**1,279**	**268,525,836**	**1,030**	**210,209,810**
	4.000%		1	321,750	1	313,157
	4.250%		3	512,800	3	505,478
	4.500%		22	4,450,464	22	4,372,320
	4.750%		14	3,502,205	14	3,449,378
	4.950%		1	210,491	0	0
	5.000%		22	4,561,353	22	4,447,005
	5.250%		37	7,542,212	31	6,145,502
	5.375%		3	631,900	3	623,692
	5.500%		247	47,762,542	203	38,531,907
	5.625%		22	3,969,499	20	3,501,042
	5.750%		237	52,158,063	192	41,223,204
	5.875%		21	4,327,312	16	3,042,522
	6.000%		221	45,692,067	183	36,799,759
	6.125%		22	4,220,849	17	3,274,848
	6.250%		140	28,863,850	106	20,699,892
	6.250%	(5), (5.12)	18	3,475,600	13	2,521,691
	6.375%		65	14,121,211	45	9,648,164
	6.500%		78	17,830,381	57	12,656,789
	6.625%		41	9,410,230	31	6,861,901
	6.750%		51	11,708,892	38	8,388,609
	6.875%		4	780,744	4	760,166
	7.000%		6	1,732,021	6	1,710,593
	7.125%		2	489,900	2	482,797
	7.250%		1	249,500	1	249,394

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series B			**148**	**29,434,166**	**112**	**21,355,700**
	6.250%	(5), (5.12)	148	29,434,166	112	21,355,700
2007 Series C			**215**	**43,558,065**	**171**	**33,638,377**
	5.250%		1	290,000	1	279,419
	5.500%		22	3,084,980	21	2,812,367
	5.750%		21	4,090,406	17	3,384,085
	5.875%		3	502,160	3	482,001
	6.000%	(5), (5.17)	3	495,363	2	422,984
	6.000%		13	3,185,341	7	1,573,075
	6.125%	(5), (5.22)	10	2,186,557	8	1,858,614
	6.250%		11	2,474,034	10	2,296,777
	6.250%	(5), (5.21)	26	4,951,091	23	4,227,117
	6.375%		16	3,613,115	12	2,658,403
	6.500%		21	4,252,967	18	3,502,698
	6.500%	(5), (5.18)	15	3,151,385	12	2,498,448
	6.625%		11	2,345,249	5	1,081,273
	6.750%		9	1,882,186	7	1,481,188
	6.750%	(5), (5.20)	10	1,790,590	9	1,394,511
	6.875%		3	687,334	3	679,752
	7.000%		4	1,195,383	2	620,692
	7.000%	(5), (5.19)	7	1,470,143	5	982,712
	7.125%		1	234,740	1	234,740
	7.250%		1	213,000	0	0
	7.250%	(5), (5.16)	7	1,462,041	5	1,167,521
2007 Series D			**831**	**171,409,954**	**670**	**133,421,206**
	4.750%		1	165,000	1	163,598
	5.000%		2	514,450	2	510,106
	5.250%		4	827,305	4	821,899
	5.500%	(5), (5.14)	25	4,174,757	23	3,562,090
	5.500%		2	491,778	2	487,074
	5.625%		14	2,466,153	11	1,558,420
	5.750%		55	10,594,973	47	8,570,583
	5.875%		2	308,999	2	293,852
	6.000%		104	18,651,597	87	14,649,989
	6.125%		12	2,971,354	10	2,409,261
	6.250%		70	14,065,829	60	11,931,860
	6.250%	(5), (5.13)	20	3,651,140	15	2,657,930
	6.375%		47	9,988,384	35	6,881,964
	6.500%		109	21,728,360	82	15,937,743
	6.625%		46	11,049,311	39	9,342,262
	6.750%		119	24,924,033	97	19,997,051
	6.875%		36	8,010,313	32	6,825,343
	6.875%	(5), (5.15)	3	782,894	3	610,245
	7.000%		85	18,525,961	64	13,637,677
	7.125%		30	7,240,612	21	5,106,518
	7.250%		40	9,116,351	29	6,597,813
	7.375%		1	255,000	1	254,949
	7.625%		3	679,400	2	387,589
	7.750%		1	226,000	1	225,388
2007 Series E			**237**	**47,977,342**	**185**	**36,360,499**
	5.625%		6	1,329,942	5	1,107,246
	5.750%		8	1,611,893	8	1,555,595
	6.125%		9	2,022,144	7	1,556,158
	6.250%	(5), (5.13)	128	23,606,706	97	17,185,038
	6.625%		10	2,089,101	7	1,263,246
	6.875%	(5), (5.15)	31	7,117,227	25	5,547,687
	7.250%	(5), (5.16)	45	10,200,329	36	8,145,529

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series F			**279**	**50,393,138**	**242**	**41,769,204**
	6.500%	(5), (5.14)	138	22,914,354	123	19,551,555
	5.500%	(5), (5.13)	52	9,621,985	39	7,004,543
	6.000%	(5), (5.17)	50	8,916,461	45	7,613,656
	6.125%	(5), (5.22)	39	8,940,338	35	7,599,450
2007 Series G			**295**	**58,957,023**	**231**	**44,591,203**
	5.250%		2	385,705	2	380,822
	5.750%		10	1,639,424	10	1,571,068
	5.875%		3	555,934	3	532,076
	6.000%		26	3,904,145	22	3,081,749
	6.125%		3	652,800	3	645,630
	6.250%		34	6,392,711	30	5,683,654
	6.375%		2	333,900	2	321,776
	6.500%		33	6,529,214	30	5,916,913
	6.625%		7	1,679,698	4	875,265
	6.750%		42	8,873,216	34	7,220,829
	6.875%		19	4,353,102	12	2,515,930
	7.000%		44	8,772,925	32	6,104,151
	7.125%		23	5,112,489	14	2,875,735
	7.250%		45	9,394,760	31	6,488,605
	7.625%		2	377,000	2	377,000
2007 Series H			**306**	**60,893,787**	**238**	**44,234,650**
	5.250%		1	245,000	1	236,276
	5.350%		1	122,194	1	127,282
	5.875%	(5), (5.23)	33	6,257,948	29	5,249,753
	5.500%		11	1,833,541	10	1,453,748
	5.750%		14	2,637,481	12	2,097,747
	5.875%		5	751,327	5	731,427
	6.000%		20	3,192,362	17	2,562,489
	6.125%		10	2,223,072	10	2,186,580
	6.250%		43	8,497,574	31	5,764,089
	6.375%		2	472,698	1	308,000
	6.500%		25	5,225,915	23	4,625,502
	6.625%		9	1,799,703	5	942,181
	6.750%		39	7,296,318	32	5,749,404
	6.875%		16	3,549,520	10	1,878,399
	7.000%		51	10,578,037	37	7,178,373
	7.125%		6	1,436,495	2	600,595
	7.250%		18	4,379,602	11	2,401,038
	7.500%		1	252,500	0	0
	7.750%		1	142,500	1	141,767
2007 Series I			**295**	**61,300,580**	**249**	**49,180,685**
	4.750%		1	140,000	1	138,185
	5.625%		11	1,749,717	10	1,561,624
	5.750%		40	7,679,504	38	6,951,720
	5.875%		30	6,277,392	29	5,885,461
	6.000%		6	1,166,659	6	1,135,230
	6.125%		25	6,128,968	22	5,148,875
	6.250%		1	61,931	1	59,611
	6.375%		8	1,914,810	7	1,601,140
	6.500%	(5), (5.18)	88	18,537,582	73	14,696,770
	6.625%		3	452,926	3	435,169
	6.750%		1	228,000	1	227,976
	7.000%	(5), (5.19)	81	16,963,091	58	11,338,923

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series J			**326**	**60,890,081**	**286**	**50,798,699**
	5.500%		3	419,184	3	396,913
	6.375%		6	1,418,450	6	1,386,672
	6.625%		3	692,834	3	688,295
	6.750%		3	662,394	2	415,018
	6.750%	(5), (5.20)	80	13,813,132	66	10,757,664
	6.250%	(5), (5.21)	121	22,851,219	108	19,509,797
	5.875%	(5), (5.23)	110	21,032,868	98	17,644,339
2007 Series K			**154**	**26,948,323**	**128**	**20,901,914**
	5.500%		6	969,173	5	667,034
	5.625%		17	2,613,845	15	1,984,694
	5.750%		9	1,711,090	9	1,643,718
	5.875%	(5), (5.24)	29	5,568,953	25	4,407,829
	5.875%		7	1,077,370	6	880,616
	6.000%		33	4,871,290	29	4,273,962
	6.125%		13	2,596,787	11	2,144,801
	6.250%		8	1,375,039	6	1,040,136
	6.375%		7	1,518,049	7	1,451,784
	6.500%		2	568,103	0	0
	6.625%		13	2,194,456	7	1,044,624
	6.750%		9	1,769,801	7	1,251,973
	7.000%		1	114,367	1	110,743
2007 Series M			**151**	**29,359,952**	**130**	**23,259,656**
	5.500%		1	121,642	1	117,523
	5.875%	(5), (5.24)	150	29,238,310	129	23,142,133
2008 Series A			**253**	**46,137,376**	**196**	**34,481,900**
	5.500%		4	598,287	4	555,243
	5.625%		1	137,740	1	130,286
	5.750%		3	802,692	3	766,377
	5.875%		50	9,186,172	40	7,223,493
	6.000%		6	893,788	6	855,129
	6.125%		26	4,739,102	18	3,077,786
	6.250%		114	19,182,458	86	13,965,623
	6.375%		12	2,609,492	9	1,906,632
	6.500%		13	2,624,889	13	2,578,597
	6.625%		1	325,700	1	312,140
	6.750%		8	1,902,275	6	1,297,408
	7.000%		12	2,418,530	6	1,112,385
	7.250%		2	445,185	2	437,084
	7.500%		1	271,066	1	263,719
2008 Series B			**101**	**19,088,644**	**85**	**14,799,965**
	5.375%		2	256,695	2	246,110
	5.500%		12	2,076,892	12	1,942,440
	5.750%		15	2,829,320	12	2,184,438
	6.000%		6	981,867	5	706,639
	6.125%		18	3,652,498	16	2,839,472
	6.250%		33	6,060,562	26	4,491,719
	6.375%		12	2,567,374	9	1,735,494
	6.875%		3	663,436	3	653,653

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2008 Series C			**413**	**77,360,548**	**343**	**60,103,100**
	4.800%		1	360,000	1	285,724
	5.500%		8	903,576	8	855,920
	5.625%		7	1,206,885	7	1,152,090
	5.750%		6	1,474,310	5	1,266,794
	5.875%		168	30,785,091	147	24,842,740
	6.000%		8	1,166,422	7	875,245
	6.125%		21	4,106,054	18	3,358,468
	6.250%		122	22,965,889	100	17,940,437
	6.375%		11	2,463,088	9	1,997,471
	6.500%		17	4,276,577	15	3,726,977
	6.625%		14	2,624,415	9	1,523,385
	6.750%		20	3,300,012	15	2,077,208
	7.000%		10	1,728,229	2	200,640
2008 Series D			**228**	**40,133,201**	**187**	**30,506,208**
	2.000%		1	224,729	1	217,565
	5.750%		7	1,452,845	7	1,375,246
	5.875%		25	4,245,349	22	3,365,959
	6.000%		21	3,434,122	19	2,788,027
	6.125%		10	1,939,537	8	1,386,830
	6.250%		98	17,577,789	79	13,227,630
	6.375%		13	1,988,638	12	1,631,298
	6.500%		15	3,056,348	11	2,282,832
	6.625%		4	767,773	3	504,047
	6.750%		22	3,464,364	18	2,639,454
	6.875%		1	185,000	1	182,001
	7.000%		7	1,159,881	3	452,751
	7.250%		1	169,057	0	0
	7.500%		2	295,048	2	286,239
	7.750%		1	172,721	1	166,330
2008 Series E			**134**	**20,769,246**	**120**	**17,680,456**
	5.375%		14	2,253,077	14	2,177,170
	5.500%		4	716,639	3	533,558
	5.625%		12	1,714,572	12	1,651,772
	5.750%		15	2,369,159	14	2,125,375
	5.875%		15	2,433,863	14	2,148,838
	6.000%		24	3,038,184	21	2,501,269
	6.125%		1	142,348	1	139,417
	6.250%		4	682,288	3	467,116
	6.375%		8	1,348,233	8	1,258,809
	6.500%		3	659,397	3	643,897
	6.625%		4	801,465	3	611,346
	6.750%		19	2,715,115	17	2,286,037
	7.000%		6	1,010,073	6	980,159
	7.500%		5	884,833	1	155,695
2008 Series F			**110**	**18,038,489**	**106**	**16,600,129**
	5.375%		17	2,912,486	17	2,805,092
	5.500%		12	1,866,417	12	1,801,857
	5.625%		12	2,694,011	11	2,327,840
	5.750%		62	9,625,152	60	8,836,349
	5.875%		2	432,018	2	418,488
	6.000%		5	508,405	4	410,504

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2009 Series A			**197**	**30,889,735**	**187**	**28,052,200**
	4.000%		1	100,508	1	100,508
	4.750%		7	741,150	7	737,795
	4.875%		3	356,425	3	347,820
	5.375%		27	4,505,073	27	4,357,193
	5.500%		13	1,948,476	13	1,884,724
	5.625%		27	4,116,464	27	3,994,339
	5.750%		79	12,371,342	73	10,843,891
	5.875%		11	1,958,825	10	1,676,341
	6.000%		25	4,173,009	23	3,732,343
	6.500%		3	535,028	2	295,898
	6.750%		1	83,435	1	81,347
2009 Series B			**246**	**34,306,291**	**238**	**32,145,769**
	3.875%		3	434,864	3	430,203
	4.250%		10	1,017,722	10	1,007,223
	4.500%		1	62,814	1	62,432
	5.000%		2	341,696	2	334,722
	5.250%		3	344,755	3	339,547
	5.375%		15	1,977,535	15	1,918,975
	5.625%		56	7,924,526	55	7,641,587
	5.750%		50	6,678,164	49	6,300,042
	5.875%		20	3,284,857	20	3,197,881
	6.000%		85	12,082,256	79	10,759,531
	6.750%		1	157,102	1	153,628
2009 Series C			**50**	**7,780,455**	**49**	**7,446,402**
	4.875%		6	995,418	6	964,979
	5.125%		10	1,956,776	10	1,912,255
	5.250%		27	4,012,685	27	3,906,085
	5.750%		7	815,576	6	663,083
2010 Series A			**303**	**18,947,015**	**287**	**12,046,911**
	4.875%		7	920,020	7	898,624
	5.000%		66	3,588,442	65	2,380,233
	5.125%		23	4,417,760	23	4,326,693
	6.000%		1	60,000	1	36,849
	7.000%		12	739,300	12	325,935
	7.750%		55	2,495,911	51	1,043,371
	7.875%		31	1,468,240	30	717,057
	8.000%		36	1,519,434	35	672,358
	8.750%		43	2,171,527	37	949,796
	8.875%		7	334,411	5	102,729
	9.000%		21	1,170,770	20	560,483
	9.250%		1	61,200	1	32,782
2010 Series B			**199**	**23,401,598**	**196**	**20,205,582**
	4.875%		24	3,251,866	24	2,955,872
	4.950%		83	9,394,978	80	7,639,998
	5.000%		24	1,903,160	24	1,688,924
	5.250%		5	745,576	5	670,995
	5.500%		20	2,661,065	20	2,451,258
	5.625%		43	5,444,953	43	4,798,534
Collateral Reserve (A)			**106**	**8,764,712**	**53**	**2,963,920**
	4.000%	(3)	106	8,764,712	53	2,963,920

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2011 Series AB			**734**	**122,504,748**	**637**	**105,372,649**
	3.375%		1	185,183	1	182,166
	3.500%		10	1,620,137	10	1,590,290
	3.625%		11	1,651,779	11	1,623,957
	3.750%		15	2,766,214	15	2,715,979
	3.875%		206	34,536,716	206	33,889,534
	4.000%		67	10,958,007	67	10,789,745
	4.125%		15	2,590,374	15	2,535,254
	4.250%		142	25,170,398	142	24,698,935
	4.375%		15	2,468,379	15	2,414,499
	4.500%		35	6,226,737	35	6,097,787
	4.625%		5	831,299	5	812,588
	4.750%		63	10,417,276	63	10,185,153
	4.875%		16	2,412,721	16	2,358,603
	5.000%		0	0	0	0
	5.125%		0	0	0	0
	5.250%		133	20,669,528	36	5,478,159
Collateral Reserve (C)			**4,082**	**230,052,129**	**2,847**	**88,041,956**
	1.000%		3	165,400	3	103,733
	3.000%		1	35,500	1	15,271
	4.000%		50	4,260,060	44	2,700,339
	5.000%		255	11,041,407	245	5,944,354
	5.500%		109	7,131,005	98	3,512,390
	5.750%		1	155,067	1	150,412
	5.950%		185	12,622,116	169	6,688,087
	6.000%		2	69,300	2	35,593
	6.250%		41	2,428,687	37	1,317,819
	6.375%		26	1,784,428	24	1,140,090
	6.750%		127	8,912,022	119	5,163,096
	6.850%		65	3,749,997	61	2,303,334
	6.875%		56	3,449,777	52	2,183,019
	6.900%		156	10,809,638	141	6,127,530
	7.000%		352	18,195,392	323	9,189,948
	7.125%		42	3,017,904	36	1,749,868
	7.250%		29	1,519,188	28	790,776
	7.350%		61	4,305,570	55	2,563,163
	7.500%		136	7,713,021	127	4,588,917
	7.625%		1	360,000	1	359,970
	7.750%		254	15,264,617	233	8,505,689
	7.875%		145	6,747,546	132	2,656,288
	7.950%		51	2,573,589	41	711,454
	7.992%	(7)	1145	66,923,130	183	4,538,985
	8.000%		74	4,742,076	72	2,929,517
	8.250%		72	3,140,086	64	1,284,384
	8.400%		18	816,212	16	303,293
	8.500%		79	4,011,759	77	1,824,140
	8.750%		27	1,494,185	24	714,260
	8.875%		104	5,823,945	100	3,093,171
	8.900%		28	1,438,937	26	586,552
	9.000%		16	648,830	14	234,891
	9.250%		62	3,154,473	53	1,277,916
	9.400%		7	393,300	5	113,834
	9.500%		50	2,034,040	39	588,122
	9.625%		24	799,800	20	190,282
	10.250%		14	537,200	14	210,307
	10.375%		28	1,122,250	28	366,892
	10.400%		68	2,418,475	54	544,943
	10.500%		10	316,500	0	0
	11.000%		51	1,822,150	32	301,428
	11.200%		34	1,310,000	32	263,594
	11.500%		17	580,050	16	160,597
	13.900%		6	213,500	5	13,706

Sources of Funds	Mortgage Loan Interest Rate	Footnote	Original Number of Loans	Original Amount of All Loans $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
Refinance Loans			**75**	**19,264,352**	**58**	**13,961,740**
	6.250%	(6)	4	993,505	4	987,983
	6.500%	(6)	60	15,682,574	44	10,582,763
	6.625%	(6)	1	250,000	1	242,519
	6.750%	(6)	2	556,141	2	558,016
	7.000%	(6)	6	1,321,813	5	1,140,267
	7.250%	(6)	1	237,352	1	229,734
	7.375%	(6)	1	222,967	1	220,458
Total All Series (2)			**27,747**	**$3,550,615,606**	**15,459**	**$1,980,654,456**

Notes:

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

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

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

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

(5) See Page K-18 through K19 for more detail.

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

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

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

Footnote #	Indenture	Blended Series	Interest Rate by Series	Interest Rate to Borrower	Original Number of Loans	Original Amount of All Loans	Number of Current Loans	Outstanding Principal Amount
(4.1)	Residential Revenue Bond	1997 Series B	6.40%	5.50%	48	$ 562,319	12	$ 96,562
	Residential Revenue Bond	2010 Series A	0.00%			3,436,397		590,103
(4.2)	Residential Revenue Bond	1998 Series B	6.10%	5.50%	201	1,821,006	51	323,536
	Residential Revenue Bond	2010 Series A	0.00%			16,692,492		2,965,734
(4.3)	Residential Revenue Bond	1998 Series D	5.96%	4.00%	33	935,890	15	298,619
	Residential Revenue Bond	2010 Series A	0.00%			1,909,980		609,426
(4.4)	Residential Revenue Bond	1998 Series D	5.96%	5.50%	647	4,765,453	137	715,495
	Residential Revenue Bond	2010 Series A	0.00%			56,978,406		8,554,857
(4.5)	Residential Revenue Bond	2000 Series G	6.75%,7.5%	5.00%	347	11,858,237	71	1,775,485
	Residential Revenue Bond	2010 Series A	0.00%			27,059,330		4,051,514
(4.6)	Residential Revenue Bond	2001 Series B	6.625%	5.875%	117	1,388,069	23	202,720
	Residential Revenue Bond	2010 Series A	0.00%			10,873,159		1,587,967
(4.7)	Residential Revenue Bond	2001 Series F	6.625%	6.00%	58	592,714	8	56,076
	Residential Revenue Bond	2010 Series A	0.00%			5,690,025		538,330
(4.8)	Residential Revenue Bond	2001 Series F	6.625%	4.00%	104	3,721,595	51	1,458,922
	Residential Revenue Bond	2010 Series A	0.00%			5,671,011		2,223,123

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

Footnote #	Indenture	Blended Series	Interest Rate by Series	Interest Rate to Borrower	Original Number of Loans	Original Amount of All Loans	Number of Current Loans	Outstanding Principal Amount
(5.1)	Residential Revenue Bond	2001 Series F	6.625%	5.75%	287	$ 24,782,543	73	$5,728,785
	Residential Revenue Bond	1999 Series E	0.00%			3,771,241		0
(5.2)	Residential Revenue Bond	2001 Series H	6.750%	4.00%	392	20,955,436	195	13,621,045
	Residential Revenue Bond	2001 Series A	0.00%			14,406,838		5,549,309
(5.3)	Residential Revenue Bond	2000 Series D	6.100%	5.00%	71	5,750,253	26	2,021,545
	Residential Revenue Bond	2000 Series B	0.00%			1,265,057		364,541
(5.4)	Residential Revenue Bond	2001 Series B	6.250%	5.00%	189	15,022,989	78	6,077,718
	Residential Revenue Bond	2000 Series G	0.00%			3,755,747		1,215,544
(5.5)	Residential Revenue Bond	2001 Series H	6.250%	4.75%	51	3,424,816	24	1,693,987
	Residential Revenue Bond	2001 Series A	0.00%			1,081,521		406,557
(5.6)	Residential Revenue Bond	2001 Series F	6.560%	5.05%	17	1,256,956	8	542,973
	Residential Revenue Bond	2000 Series B	0.00%			375,455		124,884
(5.7)	Residential Revenue Bond	2001 Series F	6.560%	4.95%	37	3,049,101	19	1,658,725
	Residential Revenue Bond	1999 Series E	0.00%			989,443		406,388
(5.8)	Residential Revenue Bond	2001 Series B	6.500%	4.75%	85	5,491,320	44	3,399,180
	Residential Revenue Bond	2000 Series H	0.00%			1,636,729		739,600
	Residential Revenue Bond	1999 Series E	0.00%			394,307		178,178
(5.9)	Residential Revenue Bond	2005 Series E	6.260%	5.50%	85	11,531,901	66	8,903,874
	Residential Revenue Bond	2001 Series H	0.00%			1,593,518		1,080,993
(5.10)	Residential Revenue Bond	2006 Series H	7.110%	6.00%	113	16,917,935	78	10,785,195
	Residential Revenue Bond	2006 Series I	7.110%			2,076,304		14,409,848
	Residential Revenue Bond	2002 Series A	0.00%			3,609,420		2,301,008
(5.11)	Residential Revenue Bond	2006 Series P	0.000%	6.25%	147	3,366,396	115	2,498,381
	Residential Revenue Bond	2006 Series S	7.11%			24,465,406		20,655,456
(5.12)	Residential Revenue Bond	2007 Series A	0.000%	6.25%	166	3,475,600	125	2,521,691
	Residential Revenue Bond	2007 Series B	6.988%			29,434,166		23,877,391

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

Footnote #	Indenture	Blended Series	Interest Rate by Series	Interest Rate to Borrower	Original Number of Loans	Original Amount of All Loans	Number of Current Loans	Outstanding Principal Amount
(5.13)	Residential Revenue Bond	2007 Series D	0.000%	6.25%	200	3,651,140	151	2,657,930
	Residential Revenue Bond	2007 Series E	0.00%			23,606,706		17,185,038
	Residential Revenue Bond	2007 Series F	6.97%			9,621,985		26,847,511
(5.14)	Residential Revenue Bond	2007 Series D	0.000%	5.50%	163	4,174,757	146	3,562,090
	Residential Revenue Bond	2007 Series F	6.97%			22,914,354		23,113,645
(5.15)	Residential Revenue Bond	2007 Series D	0.000%	6.88%	34	782,894	34	610,245
	Residential Revenue Bond	2007 Series E	7.623%			7,117,227		6,157,932
(5.16)	Residential Revenue Bond	2007 Series C	0.000%	7.25%	52	1,462,041	52	1,167,521
	Residential Revenue Bond	2007 Series E	7.62%			10,200,329		9,823,259
(5.17)	Residential Revenue Bond	2007 Series C	0.000%	6.00%	53	495,363	53	422,984
	Residential Revenue Bond	2007 Series F	7.62%			8,916,461		195,527
(5.18)	Residential Revenue Bond	2007 Series C	0.000%	6.50%	103	18,537,582	103	14,696,770
	Residential Revenue Bond	2007 Series I	7.62%			3,151,385		17,195,218
(5.19)	Residential Revenue Bond	2007 Series C	0.000%	7.00%	88	16,963,091	88	11,338,923
	Residential Revenue Bond	2007 Series I	7.62%			1,470,143		12,321,635
(5.20)	Residential Revenue Bond	2007 Series C	0.000%	6.75%	90	13,813,132	90	10,757,664
	Residential Revenue Bond	2007 Series J	7.62%			1,790,590		216,816
(5.21)	Residential Revenue Bond	2007 Series C	0.000%	6.25%	147	22,851,219	147	19,509,797
	Residential Revenue Bond	2007 Series J	7.62%			4,951,091		23,567,641
(5.22)	Residential Revenue Bond	2007 Series C	0.000%	6.13%	49	8,940,338	49	7,599,450
	Residential Revenue Bond	2007 Series F	7.62%			2,186,557		9,458,064
(5.23)	Residential Revenue Bond	2007 Series H	0.000%	5.88%	143	21,032,868	143	17,644,339
	Residential Revenue Bond	2007 Series J	7.62%			6,257,948		22,894,092
(5.24)	Residential Revenue Bond	2007 Series M	0.000%	5.88%	179	29,238,310	179	23,142,133
	Residential Revenue Bond	2007 Series K	6.99%			5,568,953		27,549,961

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX L

RESIDENTIAL REVENUE BOND PROGRAM LOAN PORTFOLIO BY BOND SERIES AND LOAN TYPE

As of December 31, 2011

Sources of Funds		Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
1997 Series A		**198**	**16,992,005**	**42**	**2,330,101**
	30 Year Amortization	198	16,992,005	42	2,330,101
1997 Series B (1)		**999**	**81,734,211**	**210**	**11,727,005**
	30 Year Amortization	999	81,734,211	210	11,727,005
1998 Series A		**61**	**4,552,300**	**20**	**1,047,981**
	30 Year Amortization	61	4,552,300	20	1,047,981
1998 Series B (1)		**899**	**76,127,569**	**178**	**9,980,812**
	30 Year Amortization	899	76,127,569	178	9,980,812
1998 Series D (1)		**708**	**67,428,567**	**155**	**10,407,873**
	30 Year Amortization	708	67,428,567	155	10,407,873
1999 Series C		**25**	**2,584,548**	**9**	**847,295**
	30 Year Amortization	25	2,584,548	9	847,295
1999 Series D		**592**	**56,333,589**	**102**	**6,808,992**
	30 Year Amortization	592	56,333,589	102	6,808,992
1999 Series E (1)		**239**	**22,351,652**	**36**	**2,558,311**
	30 Year Amortization	239	22,351,652	36	2,558,311
1999 Series F		**596**	**56,193,694**	**62**	**4,050,890**
	30 Year Amortization	596	56,193,694	62	4,050,890
1999 Series H		**614**	**58,868,174**	**71**	**4,929,688**
	30 Year Amortization	614	58,868,174	71	4,929,688
2000 Series A		**83**	**7,818,452**	**9**	**574,038**
	30 Year Amortization	83	7,818,452	9	574,038
2000 Series B (1)		**673**	**68,248,331**	**110**	**8,181,454**
	30 Year Amortization	673	68,248,331	110	8,181,454
2000 Series C		**63**	**5,975,178**	**5**	**370,910**
	30 Year Amortization	63	5,975,178	5	370,910
2000 Series D (1)		**716**	**72,613,685**	**89**	**6,600,615**
	30 Year Amortization	716	72,613,685	89	6,600,615
2000 Series F		**162**	**14,922,531**	**19**	**1,289,886**
	30 Year Amortization	162	14,922,531	19	1,289,886

Sources of Funds	Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2000 Series G (1)	**729**	**75,583,394**	**146**	**11,059,725**
30 Year Amortization	729	75,583,394	146	11,059,725
2000 Series H	**551**	**53,429,090**	**71**	**5,192,025**
30 Year Amortization	551	53,429,090	71	5,192,025
2001 Series A (1)	**172**	**15,488,359**	**85**	**5,955,866**
30 Year Amortization	172	15,488,359	85	5,955,866
2001 Series B (1)	**403**	**40,065,808**	**135**	**10,407,065**
30 Year Amortization	403	40,065,808	135	10,407,065
2001 Series E	**141**	**13,490,845**	**42**	**3,221,741**
30 Year Amortization	141	13,490,845	42	3,221,741
2001 Series F (1)	**700**	**69,277,170**	**185**	**14,129,388**
30 Year Amortization	700	69,277,170	185	14,129,388
2001 Series G	**101**	**9,909,563**	**27**	**2,175,041**
30 Year Amortization	101	9,909,563	27	2,175,041
2001 Series H (1)	**417**	**38,792,365**	**194**	**14,337,727**
30 Year Amortization	417	38,688,287	194	14,267,418
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	0	104,078	0	70,309
2002 Series A (1)	**60**	**7,795,314**	**30**	**3,794,602**
30 Year Amortization	52	6,062,084	24	2,617,592
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	78,245	1	78,056
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	6	1,389,286	4	918,467
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	1	265,699	1	180,487
2003 Series A	**79**	**9,224,370**	**40**	**4,020,135**
30 Year Amortization	79	9,224,370	40	4,020,135
2003 Series B	**142**	**15,582,439**	**76**	**6,571,187**
30 Year Amortization	142	15,582,439	76	6,571,187
2003 Series C	**167**	**19,315,068**	**83**	**8,108,547**
30 Year Amortization	167	19,315,068	83	8,108,547
2004 Series A	**90**	**10,360,109**	**45**	**4,502,056**
30 Year Amortization	90	10,360,109	45	4,502,056
2004 Series B	**183**	**19,346,007**	**97**	**8,157,200**
30 Year Amortization	183	19,346,007	97	8,157,200

Sources of Funds	Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2004 Series C	**89**	**9,940,644**	**0**	**0**
30 Year Amortization	89	9,940,644	0	0
2004 Series D	**108**	**12,549,774**	**60**	**5,828,215**
30 Year Amortization	108	12,549,774	60	5,828,215
2004 Series E	**233**	**26,846,480**	**129**	**12,729,453**
30 Year Amortization	233	26,846,480	129	12,729,453
2004 Series F	**158**	**19,324,293**	**93**	**9,651,110**
30 Year Amortization	158	19,324,293	93	9,651,110
2004 Series G	**113**	**12,996,789**	**55**	**5,249,369**
30 Year Amortization	113	12,996,789	55	5,249,369
2004 Series H	**219**	**26,715,004**	**122**	**13,107,244**
30 Year Amortization	219	26,715,004	122	13,107,244
2004 Series I	**159**	**19,277,983**	**84**	**8,673,574**
30 Year Amortization	159	19,277,983	84	8,673,574
2005 Series A	**113**	**12,313,633**	**68**	**6,030,646**
30 Year Amortization	113	12,313,633	68	6,030,646
2005 Series B	**239**	**27,446,136**	**153**	**15,342,065**
30 Year Amortization	239	27,446,136	153	15,342,065
2005 Series C	**46**	**5,396,946**	**0**	**0**
30 Year Amortization	45	5,161,946	0	0
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	1	235,000	0	0
2005 Series D	**85**	**12,859,954**	**60**	**7,804,718**
30 Year Amortization	62	7,987,588	46	4,779,772
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	23	4,872,366	14	3,024,946
2005 Series E (1)	**305**	**43,519,211**	**235**	**30,333,278**
30 Year Amortization	253	34,010,543	194	22,849,468
40 Year Amortization	3	725,877	3	690,074
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	49	8,782,791	38	6,793,736
2006 Series A	**73**	**11,607,921**	**57**	**8,169,656**
30 Year Amortization	55	7,982,051	43	5,419,355
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	18	3,625,870	14	2,750,301
2006 Series B	**279**	**47,295,765**	**219**	**34,132,751**
30 Year Amortization	204	32,580,368	160	22,982,229
40 Year Amortization	3	625,545	3	595,766
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	72	14,089,852	56	10,554,755

Sources of Funds	Original Number of Loans	Original Principal Amount $ [2]	Number of Outstanding Loans	Outstanding Principal Balance $ [2]
2006 Series E	**121**	**22,807,005**	**98**	**18,029,101**
30 Year Amortization	73	12,449,955	55	8,822,662
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	48	10,357,050	43	9,206,439
2006 Series F	**310**	**57,464,822**	**247**	**43,212,364**
30 Year Amortization	208	35,734,145	165	26,010,569
40 Year Amortization	8	1,878,123	6	1,191,547
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	186,000	1	185,607
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	93	19,666,554	75	15,824,642
2006 Series G	**195**	**38,789,329**	**155**	**29,054,486**
30 Year Amortization	117	21,124,098	94	15,333,426
40 Year Amortization	6	1,472,512	4	996,480
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	70	15,648,965	55	12,182,359
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	2	543,754	2	542,221
2006 Series H [1]	**85**	**16,917,935**	**58**	**10,785,196**
30 Year Amortization	50	8,794,007	34	5,268,363
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	366,745	1	365,861
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	29	6,511,807	19	4,305,001
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	5	1,245,376	4	845,971
2006 Series I [1]	**746**	**142,915,431**	**561**	**99,776,163**
30 Year Amortization	469	81,910,826	355	55,681,213
40 Year Amortization	25	5,097,266	19	3,476,882
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	370,010	0	44,901
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	242	53,664,286	180	38,915,820
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	9	1,873,043	7	1,657,347
2006 Series J	**300**	**58,250,788**	**224**	**40,843,810**
30 Year Amortization	166	28,843,945	127	20,442,565
40 Year Amortization	19	3,873,357	16	3,048,502
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	239,900	1	239,415
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	103	22,603,694	72	15,263,700
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	11	2,689,892	8	1,849,629

Sources of Funds	Original Number of Loans	Original Principal Amount $ [2]	Number of Outstanding Loans	Outstanding Principal Balance $ [2]
2006 Series K	**27**	**5,542,364**	**23**	**4,548,332**
30 Year Amortization	15	2,640,233	14	2,316,834
40 Year Amortization	2	309,880	2	302,477
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	8	2,160,826	7	1,929,021
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	2	431,425	0	0
2006 Series L	**830**	**163,506,274**	**641**	**119,553,156**
30 Year Amortization	394	66,181,880	301	44,640,550
40 Year Amortization	30	6,183,813	23	4,662,008
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	18	4,176,236	15	3,522,943
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	349	77,701,468	269	58,641,797
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	39	9,262,877	34	8,085,857
2006 Series O	**49**	**9,707,644**	**42**	**8,024,296**
30 Year Amortization	20	3,324,174	18	2,783,784
40 Year Amortization	1	113,700	1	108,019
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	2	404,900	2	404,656
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	24	5,246,273	20	4,468,327
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	2	618,597	1	259,511
2006 Series P [1]	**425**	**84,666,902**	**341**	**64,149,753**
30 Year Amortization	173	28,562,825	143	21,261,447
40 Year Amortization	25	4,931,957	17	3,128,647
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	10	2,230,882	9	2,069,818
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	181	40,293,567	145	31,497,062
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	36	8,647,671	27	6,192,779
2006 Series S [1]	**129**	**24,465,406**	**101**	**18,157,075**
30 Year Amortization	67	11,629,405	53	8,232,465
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	3	469,370	3	466,876
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	52	10,940,533	41	8,541,737
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	7	1,426,098	4	915,997

Sources of Funds	Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series A (1)	**1,279**	**268,525,836**	**1,030**	**210,209,810**
30 Year Amortization	419	75,340,411	334	55,987,209
40 Year Amortization	85	16,594,794	67	12,270,433
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	61	14,118,147	40	9,109,872
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	553	123,789,714	459	102,076,333
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	161	38,682,770	130	30,765,963
2007 Series B (1)	**148**	**29,434,166**	**112**	**21,355,700**
30 Year Amortization	76	13,822,476	61	9,988,979
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	8	1,645,563	5	1,008,878
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	51	11,234,588	40	8,787,980
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	13	2,731,539	6	1,569,863
2007 Series C (1)	**215**	**43,558,065**	**171**	**33,638,377**
30 Year Amortization	102	17,991,830	81	13,628,502
40 Year Amortization	25	5,567,323	21	4,488,493
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	9	2,144,917	6	1,526,024
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	56	12,295,079	44	9,583,788
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	23	5,558,916	19	4,411,570
2007 Series D (1)	**831**	**171,409,954**	**670**	**133,421,206**
30 Year Amortization	385	71,166,310	314	53,551,333
40 Year Amortization	87	17,989,708	70	14,303,365
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	32	7,597,196	27	6,300,606
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	229	51,057,135	189	42,193,170
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	98	23,599,605	70	17,072,732
2007 Series E (1)	**237**	**47,977,342**	**185**	**36,360,501**
30 Year Amortization	129	24,538,405	101	17,979,855
40 Year Amortization	25	5,038,895	20	4,087,092
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	7	1,257,462	5	863,283
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	54	11,992,330	43	9,592,782
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	22	5,150,250	16	3,837,489

Sources of Funds	Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series F (1)	**279**	**50,393,138**	**242**	**41,769,204**
30 Year Amortization	165	25,784,471	145	21,382,320
40 Year Amortization	19	4,336,168	16	3,391,532
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	5	1,307,084	4	1,041,674
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	65	13,496,240	55	11,368,865
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	25	5,469,175	22	4,584,813
2007 Series G	**295**	**58,957,023**	**231**	**44,591,203**
30 Year Amortization	112	20,220,650	84	13,938,149
40 Year Amortization	37	6,515,461	29	4,848,474
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	14	2,870,173	8	1,629,367
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	81	16,974,649	66	13,486,085
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	51	12,376,090	44	10,689,127
2007 Series H (1)	**306**	**60,893,787**	**238**	**44,234,650**
30 Year Amortization	200	37,618,993	161	27,802,715
40 Year Amortization	32	6,966,120	28	5,950,324
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	5	948,782	3	465,348
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	47	10,498,406	30	6,383,331
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	22	4,861,486	16	3,632,932
2007 Series I (1)	**295**	**61,300,580**	**249**	**49,180,686**
30 Year Amortization	173	34,234,376	146	27,265,721
40 Year Amortization	58	12,075,448	52	10,398,062
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	70,859	0	0
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	32	7,016,015	29	6,067,521
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	31	7,903,882	22	5,449,382
2007 Series J (1)	**326**	**60,890,081**	**286**	**50,798,698**
30 Year Amortization	242	43,647,796	213	36,398,505
40 Year Amortization	29	5,562,430	26	4,627,652
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	3	627,905	3	626,689
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	29	5,994,418	26	5,259,051
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	23	5,057,532	18	3,886,801

Sources of Funds	Original Number of Loans	Original Principal Amount $ (2)	Number of Outstanding Loans	Outstanding Principal Balance $ (2)
2007 Series K (1)	**154**	**26,948,323**	**128**	**20,901,913**
30 Year Amortization	134	22,316,254	111	17,218,775
40 Year Amortization	18	4,132,069	15	3,162,873
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	2	500,000	2	520,265
2007 Series M (1)	**151**	**29,359,952**	**130**	**23,259,656**
30 Year Amortization	148	28,793,369	128	22,706,679
40 Year Amortization	3	566,583	2	552,977
2008 Series A	**253**	**46,137,376**	**196**	**34,481,900**
30 Year Amortization	226	40,088,797	172	29,164,303
40 Year Amortization	24	5,387,614	21	4,654,259
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	3	660,965	3	663,338
2008 Series B	**101**	**19,088,644**	**85**	**14,799,965**
30 Year Amortization	81	14,989,140	66	11,237,046
40 Year Amortization	19	3,850,093	18	3,313,508
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	1	249,411	1	249,411
2008 Series C	**413**	**77,360,548**	**343**	**60,103,100**
30 Year Amortization	373	68,165,747	306	51,800,473
40 Year Amortization	37	8,568,683	34	7,678,348
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	1	189,150	1	189,150
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	2	436,968	2	435,130
2008 Series D	**228**	**40,133,201**	**187**	**30,506,208**
30 Year Amortization	210	36,339,181	170	26,978,144
40 Year Amortization	17	3,527,310	16	3,261,354
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	1	266,710	1	266,710
2008 Series E	**134**	**20,769,246**	**120**	**17,680,456**
30 Year Amortization	127	19,331,984	113	16,269,605
40 Year Amortization	7	1,437,262	7	1,410,851
2008 Series F	**110**	**18,038,489**	**106**	**16,600,129**
30 Year Amortization	110	18,038,489	106	16,600,129
2009 Series A	**197**	**30,889,735**	**187**	**28,052,200**
30 Year Amortization	197	30,889,735	187	28,052,200
2009 Series B	**246**	**34,306,291**	**238**	**32,145,769**
30 Year Amortization	246	34,306,291	238	32,145,769

Sources of Funds	Original Number of Loans	Original Principal Amount $ [2]	Number of Outstanding Loans	Outstanding Principal Balance $ [2]
2009 Series C	**50**	**7,780,455**	**49**	**7,446,402**
30 Year Amortization	50	7,780,455	49	7,446,402
40 Year Amortization	0	0	0	0
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	0	0	0	0
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	0	0	0	0
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	0	0	0	0
2010 Series A	**303**	**18,947,015**	**287**	**12,046,911**
30 Year Amortization	303	18,947,015	287	12,046,911
40 Year Amortization	0	0	0	0
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	0	0	0	0
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	0	0	0	0
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	0	0	0	0
2010 Series B	**199**	**23,401,598**	**196**	**20,205,582**
30 Year Amortization	191	21,932,398	188	18,746,179
40 Year Amortization	0	0	0	0
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	0	0	0	0
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	8	1,469,200	8	1,459,403
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	0	0	0	0
Collateral Reserve (A) [3]	**106**	**8,764,712**	**53**	**2,963,920**
30 Year Amortization	106	8,764,712	53	2,963,920
2011 Series AB	**734**	**122,504,748**	**637**	**105,372,649**
30 Year Amortization	734	122,504,748	637	105,372,649
Collateral Reserve (C) [3]	**4,082**	**230,052,129**	**2,847**	**88,041,957**
30 Year Amortization	4,081	229,692,129	2,846	87,681,987
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	1	360,000	1	359,970
Refinance Loans [4]	**75**	**19,264,352**	**58**	**13,961,740**
30 Year Amortization	20	4,102,184	17	3,245,695
40 Year Amortization	45	12,246,571	35	9,104,653
30 Year with First 7 Years Interest Only Followed by 23 Year Amortization	1	225,000	1	224,875
35 Year with First 5 Years Interest Only Followed by 30 Year Amortization	3	729,400	2	529,000
40 Year with First 7 Years Interest Only Followed by 33 Year Amortization	6	1,961,197	3	857,517
Total All Series [2]	**27,747**	**3,550,615,606**	**15,459**	**1,980,654,456**

Notes

(1) Loans under this bond series include participation interests purchased with this series bond proceeds. For more information about participation loans see Participations in Mortgage Loans section on page B-1 and Residential Revenue Bond Program Loan Portfolio by Bond Series and Interest Rate in Appendix K.

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

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

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

APPENDIX M

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

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

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

For additional information please refer to the website, www.dhcd.state.md.us and click CDA Bonds – Investor Information. In the section labeled EMMA Filings, the Administration has provided additional information on its cross-calling practices and the sources for the redemption of bonds in "Other Informational Filings". Furthermore, the recent and historical quarterly NRMSIR filings include a Ten Year Rule table, a schedule of debt outstanding with the effective yields of bonds, and the mortgage loan portfolio detail by bond series and interest rate.

AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF PSA[1]

Bond Series	1997 A & B	1998 A & B	1998 D	1999 C & D	1999 E & F	1999 H	2000 A & B	2000 C & D	2000 F & G	2000 H	2001 A & B
Original WAC [2]	**5.85%**	**5.94%**	**5.48%**	**6.12%**	**6.72%**	**6.83%**	**6.59%**	**6.86%**	**6.10%**	**6.78%**	**5.02%**
6-month period ending [3]											
Dec-98	44%										
Jun-99	38%	18%									
Dec-99	14%	16%									
Jun-00	22%	49%	14%	10%	18%						
Dec-00	42%	19%	17%	20%	26%	37%					
Jun-01	69%	62%	42%	82%	35%	32%			26%	185%	
Dec-01	94%	100%	22%	50%	165%	266%	150%	260%	89%	338%	
Jun-02	135%	93%	70%	50%	106%	191%	158%	192%	54%	277%	48%
Dec-02	171%	192%	95%	126%	414%	535%	390%	548%	380%	379%	18%
Jun-03	312%	256%	239%	341%	640%	666%	509%	663%	443%	675%	101%
Dec-03	516%	436%	368%	719%	808%	806%	615%	759%	540%	783%	183%
Jun-04	422%	444%	335%	425%	579%	593%	508%	601%	430%	623%	235%
Dec-04	403%	472%	470%	503%	652%	638%	572%	682%	455%	715%	289%
Jun-05	514%	446%	543%	419%	521%	608%	550%	564%	472%	775%	273%
Dec-05	489%	577%	558%	542%	772%	907%	618%	643%	544%	627%	431%
Jun-06	376%	432%	341%	568%	474%	501%	752%	516%	337%	398%	244%
Dec-06	392%	344%	287%	377%	358%	395%	492%	510%	349%	501%	309%
Jun-07	201%	329%	284%	325%	256%	207%	350%	393%	318%	451%	205%
Dec-07	189%	186%	193%	310%	306%	208%	195%	235%	261%	239%	173%
Jun-08	189%	136%	135%	268%	170%	316%	108%	194%	309%	124%	240%
Dec-08	68%	72%	230%	203%	223%	112%	190%	118%	215%	160%	88%
Jun-09	112%	261%	158%	206%	192%	211%	333%	109%	149%	148%	158%
Dec-09	116%	181%	236%	165%	249%	293%	83%	240%	131%	182%	232%
Jun-10	120%	109%	233%	70%	107%	110%	59%	164%	133%	77%	110%
Dec-10	112%	120%	101%	95%	149%	110%	49%	87%	115%	99%	164%
Jun-11	143%	93%	131%	74%	165%	42%	137%	92%	171%	180%	62%
Dec-11	74%	195%	85%	0%	260%	0%	188%	309%	225%	181%	88%
WAC at 12/31/2011 [5]	5.85%	5.85%	5.39%	6.07%	6.72%	6.46%	6.59%	6.36%	5.96%	6.11%	5.05%

Note:
(1) The above table expresses the prepayment speed of mortgage loans of CDA's Residential Revenue Bonds assuming all mortgage loans were originated in the month when the greatest number of mortgage loans were originated. Prepayment speeds are expressed as percentages of the PSA standard prepayment model. The table only includes bond issues in which more than 90% of lendable proceeds have been used to originate mortgage loans.
(2) Weighted Average Coupon Rate (WAC) as stated is calculated based on the original mortgage loan interest rates at the time of loan purchase.
(3) Prepayment rates as listed are average prepayment rates over each 6-month period.
(4) These bond issues have unused proceeds. To the extent these funds are used to buy mortgage loans the historic prepayment speeds may change.
(5) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of December 31, 2011.

AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF PSA[1]

Bond Series	2001 E & F	2001 G & H	2002 A	2003 A, B & C	2004 A, B & C	2004 D, E & F	2004 G, H & I	2005 A, B & C	2005 D & E	2006 A & B	2006 E, F & G
Original WAC [2]	**5.74%**	**4.82%**	**5.06%**	**4.93%**	**4.93%**	**5.04%**	**5.36%**	**5.32%**	**5.41%**	**5.33%**	**5.37%**
6-month period ending [3]											
Dec-98											
Jun-99											
Dec-99											
Jun-00											
Dec-00											
Jun-01											
Dec-01											
Jun-02	18%										
Dec-02	35%										
Jun-03	199%	153%									
Dec-03	397%	200%									
Jun-04	346%	381%									
Dec-04	562%	243%	590%	304%	148%						
Jun-05	456%	251%	118%	314%	299%	375%	204%	293%			
Dec-05	531%	452%	448%	426%	301%	400%	484%	107%			
Jun-06	409%	198%	391%	153%	359%	221%	262%	271%	127%		
Dec-06	340%	232%	291%	351%	292%	314%	293%	293%	148%	354%	51%
Jun-07	350%	291%	445%	278%	220%	208%	318%	182%	80%	101%	57%
Dec-07	182%	171%	1024%	110%	158%	172%	274%	148%	106%	165%	144%
Jun-08	141%	179%	455%	173%	120%	111%	154%	53%	19%	70%	48%
Dec-08	155%	165%	505%	104%	134%	119%	141%	36%	28%	107%	55%
Jun-09	222%	80%	901%	136%	179%	129%	147%	93%	11%	57%	116%
Dec-09	137%	164%	1024%	101%	118%	81%	177%	61%	39%	138%	89%
Jun-10	129%	88%	918%	110%	172%	130%	64%	78%	74%	53%	109%
Dec-10	168%	96%	218%	64%	67%	96%	63%	78%	53%	88%	96%
Jun-11	193%	69%	357%	42%	150%	86%	84%	54%	76%	112%	10%
Dec-11	122%	44%	991%	158%	74%	92%	84%	57%	30%	47%	267%
WAC at 12/31/2011 [5]	5.57%	4.84%	5.65%	4.93%	4.92%	5.04%	5.33%	5.32%	5.40%	5.27%	5.25%

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

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

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

(4) These bond issues have unused proceeds. To the extent these funds are used to buy mortgage loans the historic prepayment speeds may change.

(5) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of December 31, 2011.

AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF PSA[1]

Bond Series	2006 H, I & J	2006 K & L	2006 O, & P	2006 S	2007 A	2007 C & D	2007 E & F
Original WAC [2]	**5.23%**	**5.86%**	**5.72%**	**6.25%**	**5.99%**	**6.56%**	**6.36%**
6-month period ending [3]							
Dec-98							
Jun-99							
Dec-99							
Jun-00							
Dec-00							
Jun-01							
Dec-01							
Jun-02							
Dec-02							
Jun-03							
Dec-03							
Jun-04							
Dec-04							
Jun-05							
Dec-05							
Jun-06							
Dec-06	29%						
Jun-07	28%	95%	48%				
Dec-07	25%	84%	108%	154%	27%		101%
Jun-08	9%	77%	82%	249%	49%	6%	53%
Dec-08	11%	27%	38%	28%	43%	16%	6%
Jun-09	23%	90%	41%	121%	142%	30%	180%
Dec-09	24%	131%	150%	149%	132%	32%	95%
Jun-10	18%	144%	132%	141%	160%	25%	103%
Dec-10	6%	162%	105%	156%	98%	37%	116%
Jun-11	9%	148%	131%	105%	137%	33%	195%
Dec-11	87%	18%	351%	87%	10%	60%	77%
WAC at 12/31/2011 [5]	5.75%	5.79%	5.73%	6.25%	5.77%	6.31%	6.34%

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

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

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

(4) These bond issues have unused proceeds. To the extent these funds are used to buy mortgage loans the historic prepayment speeds may change.

(5) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of December 31, 2011.

AVERAGE PREPAYMENT SPEEDS AS PERCENTAGE OF PSA[1]

Bond Series	2007 G & H	2007 I & J	2007 K & L	2007 M	2008 A	2008 B,C,D	2008 E&F	2009 A[4]	2009 B[4]	2009 C[4]	2010 A	2011 A&B
Original WAC [2]	**6.75%**	**6.32%**	**6.04%**	**5.88%**	**6.24%**	**6.16%**	**6.44%**	**5.73%**	**5.79%**	**5.22%**	**7.57%**	**4.33%**
6-month period ending [3]												
Dec-98												
Jun-99												
Dec-99												
Jun-00												
Dec-00												
Jun-01												
Dec-01												
Jun-02												
Dec-02												
Jun-03												
Dec-03												
Jun-04												
Dec-04												
Jun-05												
Dec-05												
Jun-06												
Dec-06												
Jun-07												
Dec-07												
Jun-08	10%											
Dec-08	15%	41%										
Jun-09	53%	167%	67%	444%	853%	1007%	306%					
Dec-09	71%	184%	139%	117%	468%	383%	92%	49%				
Jun-10	85%	130%	104%	139%	76%	145%	77%	45%				
Dec-10	74%	77%	89%	118%	249%	193%	69%	40%	96%		19%	
Jun-11	101%	65%	117%	163%	106%	142%	90%	37%	27%	123%	12%	
Dec-11	13%	81%	201%	72%	22%	81%	72%	8%	0%	0%	41%	
WAC at 12/31/2011 [5]	6.61%	6.32%	6.06%	5.87%	6.24%	6.16%	6.12%	5.72%	5.72%	5.22%	6.69%	4.33%

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

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

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

(4) These bond issues have unused proceeds. To the extent these funds are used to buy mortgage loans the historic prepayment speeds may change.

(5) Weighted Average Coupon Rate (WAC) as stated is calculated based on the outstanding principal balance of mortgage loans as of December 31, 2011.

[THIS PAGE LEFT INTENTIONALLY BLANK]

APPENDIX N

FORM OF SEPTEMBER 4, 2008 OPINION OF BOND COUNSEL

BOND COUNSEL ASSUMED NO DUTY TO UPDATE OR SUPPLEMENT THEIR OPINION AND NO ASSURANCE IS GIVEN THAT ANY FACTS, CIRCUMSTANCES OR CHANGES THAT MAY ADVERSELY AFFECT THE TAX EXEMPTION FOR THE 2008 SERIES D BONDS HAVE NOT OCCURRED.

September 4, 2008

Community Development Administration
Department of Housing and Community Development
State of Maryland
100 Community Place
Crownsville, Maryland 21032

$50,000,000
Community Development Administration
Maryland Department of Housing and Community Development
Residential Revenue Bonds
2008 Series D (AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), in connection with its issuance and sale of $50,000,000 aggregate principal amount of its Residential Revenue Bonds, 2008 Series D (AMT) (the "2008 Series D Bonds"). With the proceeds of the 2008 Series D Bonds, the Administration will currently refund a portion of the Administration's Draw Down Mortgage Revenue Bonds (the "Draw Down Bonds") previously issued under an Indenture of Trust dated as of September 1, 2005, between the Administration and Manufacturers and Traders Trust Company (the "Draw Down Indenture"), as a result of which certain amounts on deposit in the escrow fund established under the Draw Down Indenture will be transferred to the 2008 Series D Program Account of the Program Fund under the Bond Resolution (as defined herein) and certain amounts will be transferred to the Reserve Fund. Funds in the Program Fund will be made available to make or purchase mortgage loans (the "Mortgage Loans") to finance the acquisition of single-family residences located in the State.

The 2008 Series D Bonds are being issued under and pursuant to (1) Sections 4-101 through 4-255 of Housing and Community Development Article of the Annotated Code of Maryland, as amended (the "Act"), (2) the Residential Revenue Bond Resolution (the "Bond Resolution"), originally adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005, and accepted by Manufacturers and Traders Trust Company, Baltimore, Maryland, as trustee (the "Trustee"), and (3) the Series Resolution Providing for the Issuance and Sale of $50,000,000 Principal Amount of Residential Revenue Bonds 2008 Series D, adopted as of September 1, 2008 (the "Series Resolution"), pursuant to which the 2008 Series D Bonds are authorized to be issued. The Bond Resolution and the Series Resolution are referred to collectively as the Resolutions. Capitalized terms used herein and not defined herein have the respective meanings given to them in the Resolutions.

The 2008 Series D Bonds mature, bear interest and are subject to redemption and to tender as provided therein and in the Resolutions. The 2008 Series D Bonds are issuable initially as fully registered bonds without coupons in the denominations of $100,000 or any integral multiple of $5,000 in excess thereof. Principal of, premium, if any, and interest on the 2008 Series D Bonds will be paid as provided in the Resolutions by the Trustee to the persons in whose names the 2008 Series D Bonds are registered on the registration books of the Administration maintained by the Trustee.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met on a continuing basis subsequent to the delivery of the 2008 Series D Bonds for interest on the 2008 Series D Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the 2008 Series D Bonds to be subject to inclusion in gross income retroactively to the date of issuance of the 2008 Series D Bonds. We have examined the Resolutions and other relevant single family housing program documents of the Administration which, in our opinion, establish procedures under which, if followed, such requirements would be met. The Administration has covenanted in the Resolutions to comply with all of the applicable requirements of the Code.

In connection with the issuance of the 2008 Series D Bonds, we have examined and considered the Act, the Resolutions, the Code, a specimen of the 2008 Series D Bonds and such other opinions, documents, certificates, letters and matters of law as we have deemed necessary to render the opinions set forth below.

Based upon the foregoing we are of the opinion that:

1. The Administration was duly created and validly exists under the provisions of the Act as an agency in the Division of Development Finance of the Department with full power to issue the 2008 Series D Bonds for the purposes of refunding the Draw Down Bonds and financing the Mortgage Loans.

2. The Resolutions have been duly adopted and executed by the Administration, are valid and binding upon the Administration, are in full force and effect and are enforceable in accordance with their terms. The 2008 Series D Bonds are entitled to the benefit and security of the Resolutions for the payment thereof in accordance with the terms of the Resolutions.

3. The 2008 Series D Bonds have been duly authorized, executed and issued in accordance with the Constitution and the laws of the State, including the Act, now in force and represent valid and binding special obligations of the Administration, enforceable in accordance with their terms and the terms of the Resolutions subject to any applicable bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights and the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, the application of equitable principals where equitable remedies are sought and limitation on enforcement of judgments against public bodies. The 2008 Series D Bonds are payable from the revenues and assets of the Administration pledged therefor pursuant to the Resolutions.

4. The form of the specimen 2008 Series D Bonds is consistent with the form of the 2008 Series D Bonds provided in the authorizing Series Resolution.

5. The 2008 Series D Bonds, their transfer, the interest payable thereon and any income derived therefrom, including any profit realized in their sale or exchange, are exempt from taxation of every kind and nature whatsoever by the State or by its political subdivisions, municipal corporations or public units of any kind under existing law, except that no opinion is expressed as to such exemption from Maryland estate or inheritance taxes.

6. Assuming continuing compliance by the Administration with its covenants in the Resolutions to comply with the Code, interest on the 2008 Series D Bonds is excludable from the gross income of the

holders thereof for federal income tax purposes. We are further of the opinion that interest on the 2008 Series D Bonds is an item of preference for purposes of calculating the federal individual or corporate alternative minimum taxes. Under certain circumstances interest on a 2008 Series D Bond held by a foreign corporation may be subject to the branch profits tax.

Ownership of tax-exempt obligations, including the 2008 Series D Bonds, may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of social security or railroad retirement benefits, certain S corporations and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the 2008 Series D Bonds should consult their own tax advisor as to such consequences.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We call to your attention that the 2008 Series D Bonds are special obligations of the Administration and will be payable solely from the revenues and assets of the Administration pledged for the payment thereof under the Resolutions, including the Mortgage Loans pledged thereunder, and the rights thereunder to any income, revenues, issues, profits and insurance proceeds and other sums of money payable thereunder. The Administration has no taxing power. The 2008 Series D Bonds do not constitute a debt of the State, any political subdivision thereof, the Administration or the Department, or a pledge of the faith, credit or taxing power of the State, any such political subdivision, the Administration or the Department.

We express no opinion herein with respect to the accuracy or completeness of the Official Statement prepared in respect of the 2008 Series D Bonds or as to any other matter not set forth herein.

Very truly yours,

APPENDIX O

FORM OF REMARKETING OPINION OF BOND COUNSEL

June __, 2012

Community Development Administration
Department of Housing and Community Development
State of Maryland
100 Community Place
Crownsville, Maryland 21032

$49,890,000
Community Development Administration
Maryland Department of Housing and Community Development
Residential Revenue Bonds
2008 Series D (AMT) (Variable Rate)

We have acted as Bond Counsel to the Community Development Administration (the "Administration"), an agency in the Division of Development Finance of the Department of Housing and Community Development (the "Department"), a principal department of the government of the State of Maryland (the "State"), in connection with its remarketing of $49,890,000 aggregate principal amount of its Residential Revenue Bonds, 2008 Series D (AMT) (Variable Rate) (the "2008 Series D Bonds"). The proceeds of the 2008 Series D Bonds were used to make or purchase mortgage loans (the "Mortgage Loans") to finance the acquisition of single-family residences located in the State.

The 2008 Series D Bonds were issued under and pursuant to (1) Sections 4-101 through 4-255 of Housing and Community Development Article of the Annotated Code of Maryland, as amended (the "Act"), (2) the Residential Revenue Bond Resolution (the "Bond Resolution"), originally adopted by the Administration as of August 1, 1997 and amended and restated as of July 15, 2005, and accepted by Manufacturers and Traders Trust Company, Baltimore, Maryland, as trustee (the "Trustee"), and (3) the Series Resolution Providing for the Issuance and Sale of $50,000,000 Principal Amount of Residential Revenue Bonds 2008 Series D (AMT) (Variable Rate), adopted as of September 1, 2008, as the same is being amended and restated on the dated hereof in connection with the remarketing of the Bonds (the "Series Resolution"). The Bond Resolution and the Series Resolution are referred to collectively as the Resolutions. Capitalized terms used herein and not defined herein have the respective meanings given to them in the Resolutions.

At the time of the issuance of the 2008 Series D Bonds, we delivered an opinion dated September 4, 2008 (the "Original Bond Counsel Opinion") to the effect that interest on the 2008 Series D Bonds is excludable from the gross income of the holders thereof for federal income tax purposes. This opinion is not to be construed as a reissuance or a republication of the Original Bond Counsel Opinion, which speaks as to the law, facts and circumstances as of its date.

Based on the foregoing, it is our opinion that the delivery by PNC Bank, National Association of its Irrevocable Letter of Credit (the "Initial Standby Credit Facility") as an alternate credit facility for the 2008 Series D Bonds and the conversion of the interest rate mode for the 2008 Series D Bonds from a Daily Rate to a Weekly Rate on the date hereof, in and of itself, will not adversely affect the exclusion of interest on the 2008 Series D Bonds from gross income of the beneficial owners thereof for Federal income tax purposes under the Internal Revenue Code of 1986, as amended. Please be advised that we have made no investigation and express no opinion as to whether any events have occurred or circumstances have existed (other than with respect to the delivery of the Initial Standby Credit Facility and the conversion of interest rate modes on the date hereof) which might have an adverse effect on the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax purposes.

This opinion is provided solely for the benefit of the addressee hereof and may not be relied upon by any other person without our prior written consent. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any changes in facts, circumstances or law that may hereafter occur.

We express no opinion herein with respect to the accuracy or completeness of the Remarketing Memorandum prepared in respect of the remarketing of the 2008 Series D Bonds on the date hereof or as to any other matter not set forth herein.

Very truly yours,

APPENDIX P

CERTAIN INFORMATION CONCERNING PNC BANK, NATIONAL ASSOCIATION

This summary incorporates by reference certain Call Reports of PNC Bank, National Association ("PNC Bank"), filed with the Office of the Comptroller of the Currency ("OCC"), and certain reports of its parent, The PNC Financial Services Group, Inc. ("PNC Financial"), filed with the Securities and Exchange Commission ("SEC"), as set forth below under the heading "Incorporation of Certain Documents by Reference." You should read those reports and the information set forth below under the headings "PNC Bank and PNC Financial" and "Supervision and Regulation."

You should also understand that, except to the limited extent described herein, this summary does not describe the business or analyze the condition, financial or otherwise, of PNC Bank or otherwise describe any risks associated with PNC Bank or the Initial Standby Credit Facility. You must rely on your own knowledge, investigation and examination of PNC Bank and PNC Bank's creditworthiness.

Neither PNC Bank nor PNC Financial makes any representation regarding the 2008 Series D Bonds or the advisability of investing in the 2008 Series D Bonds, nor do they make any representation regarding, nor has PNC Bank or PNC Financial participated in the preparation of, any document of which this summary is a part other than the information supplied by PNC Bank or PNC Financial and presented in this Appendix P.

THE INITIAL STANDBY CREDIT FACILITY IS SOLELY AN OBLIGATION OF PNC BANK AND IS NEITHER AN OBLIGATION OF NOR GUARANTEED BY PNC FINANCIAL OR ANY OF ITS OTHER AFFILIATES.

PNC Bank and PNC Financial

PNC Bank is a national banking association with its headquarters in Pittsburgh, Pennsylvania and its main office in Wilmington, Delaware. PNC Bank is a wholly-owned indirect subsidiary of PNC Financial. PNC Bank's origins as a national bank date to 1865. PNC Bank offers a wide range of commercial banking, retail banking, and trust and wealth management services to its customers. PNC Bank's business is subject to examination and regulation by federal banking authorities. Its primary federal bank regulator is the OCC and its deposits are insured by the Federal Deposit Insurance Corporation ("FDIC").

PNC Financial, the parent company of PNC Bank, is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania. PNC Financial was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC Financial has diversified its geographic presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries.

PNC Financial has businesses engaged in retail banking, corporate and institutional banking, asset management, and residential mortgage banking. PNC Financial provides many of its products and services nationally and others in PNC Financial's primary geographic markets located in Pennsylvania, Ohio, New Jersey, Michigan, Illinois, Maryland, Indiana, North Carolina, Florida, Kentucky, Washington, D.C., Alabama, Delaware, Georgia, Virginia, Missouri, Wisconsin and South Carolina. PNC Financial also provides certain products and services internationally.

Effective March 2, 2012, PNC Financial acquired RBC Bank (USA), the U.S. retail banking subsidiary of Royal Bank of Canada, and merged RBC Bank (USA) into PNC Bank, with PNC Bank continuing as the surviving entity. The transaction added more than 400 branches in North Carolina, Florida, Alabama, Georgia, Virginia and South Carolina. At the same time, PNC Bank also acquired certain credit card accounts of RBC Bank (USA) customers issued by RBC Bank (Georgia), National Association, a wholly owned subsidiary of Royal Bank of Canada.

PNC Financial
in billions

	March 31, 2012	December 31, 2011
Total assets	$295.9	$271.2
Total deposits	$206.1	$188.0
Shareholders' equity	$35.0	$34.1

PNC Bank
in billions

	March 31, 2012	December 31, 2011
Total assets	$287.8	$263.3
Total loans (net of unearned income) and loans held for sale	$179.2	$162.1
Total deposits	$212.6	$197.3
Total equity capital	$39.2	$35.4

Supervision and Regulation

PNC Financial, the parent company of PNC Bank, is a bank and financial holding company and is subject to numerous governmental regulations involving both its business and organization. To a substantial extent, the purpose of the regulation and supervision of financial services institutions and their holding companies is not to protect shareholders and non-customer creditors, but rather to protect customers (including depositors) and the financial markets in general.

Applicable laws and regulations restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, and for the protection of customer information, among other things. They also restrict PNC Financial's ability to repurchase stock or to receive dividends from subsidiaries that operate in the banking and securities businesses and impose capital adequacy requirements. PNC Financial and subsidiaries are also subject to laws and regulations designed to combat money laundering, terrorist financing, and transactions with persons, companies or foreign governments designated by U.S. authorities. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions as well as damage to reputation and businesses. In addition, PNC Financial and PNC Bank are subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework can materially impact the conduct, growth, and profitability of the company's businesses.

There have been numerous legislative and regulatory developments and dramatic changes in the competitive landscape of the financial services industry over the last several years. The United States and other governments have undertaken major reform of the regulatory oversight structure of the financial services industry, including engaging in new efforts to impose requirements designed to reduce systemic risks and protect consumers and investors from financial abuse. PNC Financial expects to face further increased regulation of the financial services industry as a result of current and future initiatives intended to provide economic stimulus, financial market stability, and enhanced regulation of financial services companies and to enhance the liquidity and solvency of financial institutions and markets. PNC Financial and PNC Bank also expect in many cases more intense scrutiny from bank supervisors in the examination process and more aggressive enforcement of laws and regulations on both the federal and state levels. Compliance with regulations and other supervisory initiatives will likely increase the company's costs and reduce its revenue, and may limit the company's ability to pursue certain desirable business opportunities.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") mandates the most wide ranging overhaul of financial industry regulation in decades. The Dodd-Frank Act was signed into law on July 21, 2010. Although the Dodd-Frank Act and other reforms will affect a number of the areas in which PNC Financial does business, it is not clear at this time the full extent of the adjustments that will be required and the extent to which PNC Financial will be able to adjust its businesses in response to the requirements. Many parts of the law are now in effect and others are now in the implementation stage, which is likely to continue for several years. The law requires that regulators, some of which are new regulatory bodies created by the Dodd Frank Act, draft, review and approve more than 300 implementing regulations and conduct numerous studies that are likely to lead to more regulations, a process that, while well underway, is proceeding somewhat slower than originally anticipated, thus extending the uncertainty surrounding the ultimate impact of the Dodd-Frank Act on PNC Financial and its subsidiaries.

A number of reform provisions are likely to significantly impact the ways in which bank holding companies and banks, including PNC Financial and PNC Bank, do business. Additional information on a number of these provisions (including new consumer protection regulation, enhanced capital and liquidity requirements, limitations on investment in and sponsorship of funds, risk retention by securitization participants, new regulation of derivatives, potential applicability of state consumer protection laws, and limitations on interchange fees) and some of their potential impacts on PNC Financial is provided in Item 1A Risk Factors included in PNC Financial's 2011 Annual Report on Form 10-K as amended by Amendment No. 1 on Form 10-K/A.

You will find a general discussion of some of the elements of the regulatory framework affecting PNC Financial and its subsidiaries, additional information discussing the regulatory environment for the financial services industry, and discussion of certain business, regulatory and legal risks that affect PNC Financial in the following sections of PNC Financial's 2011 Annual Report on Form 10-K as amended by Amendment No. 1 on Form 10-K/A: the Supervision And Regulation section included in Item 1, the Risk Factors included in Item 1A, the Risk Management section included in Item 7, and the Regulatory Matters, Legal Proceedings, and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements included in Item 8 of that report; and in the following sections of PNC Financial's first quarter 2012 Quarterly Report on Form 10-Q: the Risk Management section included in Part I, Item 2, and the Legal Proceedings and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements included in Part I, Item 1 of that report.

Incorporation of Certain Documents by Reference

PNC Bank submits certain unaudited reports called "Consolidated Reports of Condition and Income" ("Call Reports") to the OCC, its primary federal bank regulator, quarterly. Each Call Report consists of a balance sheet, income statement, changes in bank equity capital, and other supporting schedules as of the end of or for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. Because of the special supervisory, regulatory and economic policy needs served by the Call Reports, those regulatory instructions do not in all cases follow accounting principles generally accepted in the United States, including the opinions and statements of the Accounting Principles Board or the Financial Accounting Standards Board ("U.S. GAAP"). While the Call Reports are supervisory and regulatory documents, not primarily financial accounting documents, and do not provide a complete range of financial disclosure about PNC Bank, the reports nevertheless provide important information concerning the financial condition and results of operations of PNC Bank.

The publicly available portions of the Call Reports are on file with, and publicly available on written request to, the FDIC, Public Information Center, 3501 North Fairfax Drive, Arlington, VA 22226, or by calling the FDIC Public Information Center at 877-275-3342 or 703-562-2200. The Call Reports are also available by accessing the FDIC's website at http://www.fdic.gov.

PNC Financial, the parent company of PNC Bank, is subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act"). In accordance with the Exchange Act, PNC Financial files annual, quarterly and current reports, proxy statements, and other information with the SEC. PNC Financial's SEC File Number is 001-09718. You may read and copy this information at the SEC's Public Reference Room, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1 800-SEC-0330 or 202-551-8090. You can also obtain copies of this information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, like PNC Financial, who file electronically with the SEC. The address of that website is http://www.sec.gov. You can also inspect reports, proxy statements and other information about PNC Financial at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have included the web addresses of the FDIC and the SEC as inactive textual references only. Except as specifically incorporated by reference into this summary, information on those websites is not part hereof.

The publicly-available portions of PNC Bank's Call Reports for the years ended December 31, 2011, 2010, and 2009 and for the quarter ended March 31, 2012, and of any amendments or supplements thereto, as filed by PNC Bank with the OCC, are incorporated herein by reference. The publicly-available portions of each other PNC Bank Call Report, and of any amendments or supplements thereto or to any of the PNC Bank Call Reports listed above, filed with the OCC after December 31, 2011 and prior to the expiration of the Initial Standby Credit Facility are also incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information.

In addition to the Call Reports referred to above, PNC Bank incorporates herein by reference the following documents: PNC Financial's Annual Report on Form 10-K for the year ended December 31, 2011 as amended by Amendment No. 1 on Form 10-K/A; PNC Financial's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012; PNC Financial's Current Reports on Form 8-K filed with the SEC on January 6, 2012, February 13, 2012, February 17, 2012, March 5, 2012, March 8, 2012 (with respect to Items 8.01 and 9.01 of the second current report filed), March 22, 2012, April 10, 2012, April 24, 2012 (with respect to Items 3.03, 5.03 and 8.01 and Exhibits 1.1, 3.1, 4.1, 4.2, 4.3, 5.1 and 23.1 of Item 9.01), April 25, 2012, and April 27, 2012; and any amendments or supplements to those reports. Each other annual, quarterly and current report, and any amendments or supplements thereto or to any of the PNC Financial reports listed above, filed by PNC Financial with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act after December 31, 2011 and prior to the expiration of the Initial Standby Credit Facility is also incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information. The information incorporated by reference herein does not include any report, document or portion thereof that PNC Financial furnishes to, but does not file with, the SEC unless otherwise specifically provided above.

Neither the delivery of this document nor the sale of any 2008 Series D Bonds will imply that the information herein or in any document incorporated by reference is correct as of any time after its date. Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes hereof to the extent that a statement contained therein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part hereof.

Any of the above documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available upon request by holders of the 2008 Series D Bonds or by prospective investors in the 2008 Series D Bonds without charge: (1) in the case of PNC Bank documents, by written request addressed to Ronald Lewis, Manager of Regulatory Reporting, at The PNC Financial Services Group, Inc., One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707; or (2) in the case of PNC Financial documents, (a) for copies without exhibits, by contacting Shareholder Services at 800-982-7652 or via the online contact form at wwww.computershare.com/contactus, and (b) for exhibits, by contacting Shareholder Relations at 800-843-2206 or via e mail at investor.relations@pnc.com. The interactive data file ("XBRL") exhibit is only available electronically.

APPENDIX Q

FORM OF INITIAL STANDBY CREDIT FACILITY

IRREVOCABLE LETTER OF CREDIT
PNC BANK, NATIONAL ASSOCIATION

Letter of Credit No. **[__________]**

June 7, 2012

Manufacturers and Traders Trust
Company, as Trustee
Attn: Corporate Trust Department
Mail Code MD2-CS58
Baltimore, Maryland 21201

Dear Sirs:

We hereby establish, at the request and for the account of COMMUNITY DEVELOPMENT ADMINISTRATION, an agency in the Division of Development Finance of the Maryland Department of Housing and Community Development, a principal department of the government of the State of Maryland (the "*Administration*"), in favor of Manufacturers and Traders Trust Company, as Trustee, an Irrevocable Letter of Credit (the "*Letter of Credit*"). In accordance with the Residential Revenue Bond Resolution providing for the issuance of Residential Revenue Bonds adopted by the Administration as of August 1, 1997, and amended and restated as of July 15, 2005, as heretofore amended and supplemented (the "*Bond Resolution*"), as supplemented by the Amended and Restated Series Resolution Providing for the Issuance and Sale of Residential Revenue Bonds, 2008 Series D (AMT) (Variable Rate) adopted as of June 1, 2012 (the "*Series Resolution*"), and pursuant to the provisions of the Constitution and laws of the State of Maryland (the "*State*"), the Administration has previously issued its $50,000,000 aggregate principal amount of its Residential Revenue Bonds, 2008 Series D (AMT) (Variable Rate) (the "*Bonds*"), which mature on September 1, 2038 and which are currently outstanding in the aggregate principal amount of $49,890,000. The Letter of Credit is for the benefit of the holders of the Bonds while bearing interest at a Variable Rate (as defined in the Reimbursement Agreement dated as of June 1, 2012 between the Bank and the Administration), is in the total amount of $52,957,210 (as more fully described below), is effective as of the date hereof and expires on the Termination Date. As used herein, "*Termination Date*" shall mean the earliest to occur of (i) June 7, 2015, or the date to which the Letter of Credit may be extended by us substantially in the form of Annex 6, (ii) the date on which the Principal Portion of the Letter of Credit Amount is reduced to zero pursuant to the terms hereof (other than as a result of a Tender Drawing, as hereinafter defined), (iii) the date five days after we receive notice in the form of Annex 3 hereto directing us to terminate the Letter of Credit, (iv) the date on which the Letter of Credit is surrendered by the Trustee to us for cancellation and (v) the date which is eight days (or if such day is not a Business Day, the immediately succeeding Business Day) after the date on which you receive the Notice of Termination from us in the form of Annex 7 hereof.

Our obligation to make payments under this Letter of Credit shall be limited to the Letter of Credit Amount. The "*Letter of Credit Amount*" and the "*Principal Portion*" and "*Interest Portion*" thereof shall initially be the amounts set forth in Schedule I hereto, and shall thereafter, at any time, be equal to such amounts adjusted as set forth in this Letter of Credit. Notwithstanding any other provision of this Letter of Credit, at no time shall (i) the Principal Portion of the Letter of Credit Amount exceed the outstanding principal amount of the Bonds, (ii) the Interest Portion of the Letter of Credit Amount exceed 187 days' interest at a per annum interest rate of 12% and a year of 365 days, or (iii) the Letter of Credit Amount exceed the sum of the amounts described in clause (i) and clause (ii) of this paragraph.

We hereby irrevocably authorize you to draw on us in accordance with the terms and conditions hereinafter set forth, by your draft, an aggregate amount not exceeding the Letter of Credit Amount, of which (i) an aggregate amount not exceeding the Principal Portion may be drawn with respect to payment of the portion of the purchase price equal to the principal amount of Bonds tendered or deemed tendered for purchase ("*Tendered Bonds*"), pursuant to Annex 2, and (ii) an aggregate amount not exceeding the Interest Portion (but no more in the case of any drawing than an amount equal to the interest accrued on the Bonds for the 187 days immediately preceding the date on which such interest is to be paid) may be drawn with respect to payment of the portion of the purchase price of Tendered Bonds representing interest accrued thereon, pursuant to Annex 2. The Letter of Credit Amount shall be reduced (y) immediately upon any drawing hereunder by the amount of such drawing (each such drawing, or portion thereof, allocable to principal or interest, as the case may be, to result in a reduction of the Principal Portion or Interest Portion, as appropriate) and (z) effective upon receipt by us of a notice of reduction from the Trustee substantially in the form of Annex 3 to this Letter of Credit, by the amount specified in such notice, allocated between the Principal Portion and Interest Portion in accordance with such notice. We will pay drawings hereunder with our own funds.

Only you as Trustee, as the case may be, may make drawings under this Letter of Credit. Upon the payment to you or your account of the amount specified in a draft drawn hereunder, we shall be fully discharged on our obligations under this Letter of Credit with respect to such draft, and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such draft to you.

Upon our receipt from you of a notice in the form of Annex 6 with respect to the sale of any Tendered Bond held by us or for our account through you, as Trustee, the Principal Portion and Interest Portion previously drawn pursuant to a drawing under Sections 2.19 (optional tenders) and 2.20 (mandatory tenders) of the Series Resolution (in either case, a "*Tender Drawing*") with respect to such Tendered Bonds shall be automatically reinstated in the amount set forth in such Annex 6 to the extent such amount is actually received by us. Subject to the preceding sentence, drawings in respect of payments hereunder honored by us shall not, in the aggregate, exceed the Letter of Credit Amount as hereinabove provided.

Funds under this Letter of Credit are available to you against (a) your draft in the form of Annex 1 hereto, appropriately completed and (b) a certificate signed by you in the form of Annex 2 attached hereto appropriately completed. Such draft(s) and certificate(s) shall be dated the date of presentation. The original of each such draft and certificate shall be filed at our office located at PNC Bank, National Association, 500 First Avenue, Second Floor, Mail Stop P7-PFSC-02-T, Pittsburgh, PA 15219, Attention: Trade Service Operations (or at any other office which may be designated by written notice delivered to you). If we receive your draft(s) and certificate(s) at such office, all in strict conformity with the terms and conditions of this Letter of Credit, prior to 12:00 P.M. Noon (New York City time) on a Business Day on or prior to the Termination Date, we will honor the same (to the extent required by this Letter of Credit) by making payment in accordance with your payment instructions in immediately available funds by 2:00 P.M. (New York City time) on the Purchase Date. The "*Purchase Date*" for any drawing shall be the date specified in the applicable draft; but in no event shall the Purchase Date be (i) before the day the draft and certificate are received by the Bank or on the same day the draft and certificate are received if such draft and certificate are received by the Bank at or after 12:00 P.M. Noon (New York City time) or (ii) after the Termination Date.

Each draft and certificate may be delivered to us in person, by mail, by a delivery service or by telecopy transmission at such number as is indicated below or as we shall notify you in writing from time to time. Such a draft or certificate shall be deemed to have been presented on the date actually received by us. Any draft or certificate you submit to us by telecopy transmission (with the original of any such draft or certificate to be delivered to us on the next succeeding Business Day) shall be sent to (412) 705-0966, Attention: Trade Services Dept. We shall have no duty to and will not examine original documents confirming presentation by telecopy.

As used herein or in the Annexes hereto, (i) "*Business Day*" means any day which shall not be a Saturday, Sunday, legal holiday or a day on which banks in the City of New York, New York or Baltimore, Maryland, or the city in which the office of the Bank at which demands for payment under this Letter of Credit are to be honored, are authorized or required by law or executive order to remain closed and which shall not be a day on which the New York Stock Exchange is closed; and (ii) "*Affiliate of the Administration*" means any person, firm, corporation or other entity which is in control of or controlled by, or under common control by the same person as, the Administration or any other Affiliate of the Administration. For purposes of the preceding sentence, "*control*" means the power to direct the management and policies of a person, firm, corporation or other entity through the ownership of a majority of its voting securities, the right to determine or elect a majority of the members of its board of directors or other governing body or by contract or otherwise.

This Letter of Credit shall automatically terminate at the close of business on the Termination Date.

To the extent not inconsistent with the express terms hereof, this Letter of Credit shall be governed by, and construed in accordance with, the terms of the Uniform Customs and Practices for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 (the "*UCP*"), except for Article 32 and the second sentence of subsection (d) of

Article 38 thereof. As to matters not governed by the UCP, this Letter of Credit shall be governed by and construed in accordance with the internal laws of the State, including Article 5 of the Uniform Commercial Code as in effect in the State. Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at PNC Bank, National Association, 500 First Avenue, Second Floor, Mail Stop P7-PFSC-02-T, Pittsburgh, PA 15219, Attention: Trade Service Operations (or at any other office that we may designate by prior written notice to you), specifically referring to the number of this Letter of Credit.

This Letter of Credit is transferable in its entirety (but not in part) and may be successively transferred. Transfer of the available balance under this Letter of Credit to such transferee shall be effected by the presentation to us of this Letter of Credit accompanied by a certificate substantially in the form of Annex 4 attached hereto appropriately completed.

In connection with any drawing hereunder or transfer, the Administration shall pay the Bank a fee, in accordance with the Bank's schedule of customary fees for such transactions, in connection with the Bank's processing of such drawing or transfer.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGE TO FOLLOW]

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the annexes, the certificates and the drafts referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such annexes, such certificates and such drafts.

Very truly yours,

PNC Bank, National Association

By: ________________________________
Name: ________________________
Title: _________________________

SCHEDULE 1
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

ALLOCATED LETTER OF CREDIT AMOUNT

SUBSERIES	MATURITY	PRINCIPAL PORTION	INTEREST PORTION	LETTER OF CREDIT AMOUNT
2008 Series D	September 1, 2038	$49,890,000	$3,067,210	$52,957,210

ANNEX 1
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

[FORM OF DRAFT]

[Date]

PNC Bank, National Association
500 First Avenue, Second Floor
Mail Stop P7-PFSC-02-T
Pittsburgh, Pennsylvania 15219
Attention: Trade Service Operations
Telecopy: (412) 705-0966

Pay to the account of Manufacturers and Traders Trust Company maintained at **[address]**, Baltimore, Maryland, $______________ (**[insert amount in words]** Dollars), drawn under your Irrevocable Letter of Credit No. **[__________]**, on ____________, 20 __ (the **"*Purchase Date*").**

The total amount being drawn in respect of principal of and accrued interest on the Bonds is set forth below:

PRINCIPAL	INTEREST	TOTAL
$	$	$

MANUFACTURERS AND TRADERS TRUST COMPANY

By: ____________________________________
Title:

ANNEX 2
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

CERTIFICATE FOR THE PAYMENT TO THE TRUSTEE
OF PURCHASE PRICE OF COMMUNITY DEVELOPMENT ADMINISTRATION RESIDENTIAL REVENUE BONDS, 2008
SERIES D (AMT) (VARIABLE RATE)
MATURING SEPTEMBER 1, 2038 (THE "*BONDS*")

PNC Bank, National Association
500 First Avenue, Second Floor
Mail Stop P7-PFSC-02-T
Pittsburgh, Pennsylvania 15219
Attention: Trade Service Operations
Telecopy: (412) 705-0966

The undersigned, a duly authorized officer of Manufacturers and Traders Trust Company (the "*Trustee*") hereby certifies to PNC Bank, National Association (the "*Bank*") with reference to Irrevocable Letter of Credit No. **[__________]** (the "*Letter of Credit*", any capitalized term used herein and not defined herein having the meaning set forth in the Letter of Credit) that:

(1) The Trustee is the Trustee under the Series Resolution for the holders of the Bonds.

(2) The Trustee is making a drawing under the Letter of Credit (a "*Tender Drawing*" as referred to in the Letter of Credit) with respect to the payment of the purchase price for Bonds tendered pursuant to one of the following Sections of the Series Resolution (***circle one***):

[Section 2.19 (optional tender)]

[Section 2.20(a)(i) (mode change)]

[Section 2.20(a)(ii) (expiration event)]

[Section 2.20(a)(iii) (conversion date)]

[Section 2.20(a)(iv) (termination date)]

[Section 2.20(a)(v) (failure to pay principal and interest)]

(3) The amount of principal of the Bonds that is due and payable as a portion of the purchase price for Bonds pursuant to the Series Resolution is $__________ and the amount of interest on the Bonds that is due and payable as a portion of the purchase price for such Bonds is $___________, and the amount of the draft accompanying this certificate does not exceed the sum of such amounts.

(4) None of the Bonds with respect to which this drawing is being made are (i) registered in the name of the Administration or, to the best of our knowledge, any Affiliate of the Administration or (ii) held for the account of the Administration or, to the best of our knowledge, any Affiliate of the Administration.

(5) The amount of the draft accompanying this certificate does not exceed the amount available to be drawn under the Letter of Credit on the date hereof in respect of payment of principal of and interest on the Bonds and was computed in accordance with the terms and conditions of the Bonds and the Series Resolution.

(6) Upon application of the amount with respect to the purchase price of the Bonds set forth in paragraph (3) of this certificate, the Principal Portion of the Letter of Credit Amount shall be reduced to $_________________ and the Interest Portion of the Letter of Credit Amount shall be reduced to $_______________.

IN WITNESS WHEREOF, the Trustee has executed and delivered this certificate as of the _____ day of ________, _____.

MANUFACTURERS AND TRADERS TRUST COMPANY

By: ____________________________________
Title:

ANNEX 3
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

INSTRUCTIONS TO REDUCE LETTER OF CREDIT AMOUNT
OR TO TERMINATE LETTER OF CREDIT

PNC Bank, National Association
500 First Avenue, Second Floor
Mail Stop P7-PFSC-02-T
Pittsburgh, Pennsylvania 15219
Attention: Trade Service Operations
Telecopy: (412) 705-0966

Re: Irrevocable Letter of Credit No. **[__________]**

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Manufacturers and Traders Trust Company (the "*Trustee*") hereby certifies to PNC Bank, National Association (the "*Bank*") with reference to Irrevocable Letter of Credit No. **[__________]** (the "*Letter of Credit*", any capitalized term used herein and not defined herein having the meaning set forth in the Letter of Credit) that:

(1) The Trustee is the Trustee under the Series Resolution for the holders of the Bonds.

(2) We are authorized, and hereby instruct you, **[to reduce the Letter of Credit Amount by the aggregate amount of $____________ (______________ Dollars), of which (i) an aggregate amount of $______________ (_________________ Dollars) is being reduced with respect to principal of the Bonds and (ii) an aggregate amount of $_____________ (_________________ Dollars) is being reduced with respect to interest on such Bonds. The Letter of Credit Amount (including its Principal Portion and Interest Portion) shall be reduced by the amounts set forth below:**

REDUCTION OF LETTER OF CREDIT AMOUNT	PRINCIPAL PORTION	INTEREST PORTION
$	**$**	**$**

for the following reason(s): to terminate the Letter of Credit because **[the principal amount of and interest on all of the Bonds have been paid in full] [the Bonds have been redeemed] [the Bonds have been defeased] [the Bonds have been converted to a [Fixed Interest Rate] [Auction Rate] [Indexed Rate] effective ________, 20__] [a Substitute Facility is in effect pursuant to the Series Resolution]**.

Very truly yours,

MANUFACTURERS AND TRADERS TRUST COMPANY

By: ______________________________________
Name: ______________________________
Title: ______________________________

ANNEX 4
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

INSTRUCTION TO TRANSFER

_____________, 20___

PNC Bank, National Association
500 First Avenue, Second Floor
Mail Stop P7-PFSC-02-T
Pittsburgh, Pennsylvania 15219
Attention: Trade Service Operations
Telecopy: (412) 705-0966

Re: Irrevocable Letter of Credit No. **[__________]**

Ladies and Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably instructs you to transfer to:

____
(Name of Transferee)

____
(Address)

all rights of the undersigned beneficiary to draw under the above-captioned Letter of Credit (the "*Letter of Credit*"). The transferee has succeeded the undersigned as Trustee under the Series Resolution.

By this transfer, all rights of the undersigned beneficiary as Trustee named in the Letter of Credit are transferred to the transferee and the transferee shall hereafter have the sole rights as the Trustee named thereunder; *provided, however,* that no rights shall be deemed to have been transferred to the transferee until such transfer complies with the requirements of the Letter of Credit pertaining to transfers.

The Letter of Credit is returned herewith and in accordance therewith we ask that this transfer be effected and that you issue a new Irrevocable Letter of Credit in favor of the transferee with provisions consistent with the Letter of Credit.

Very truly yours,

_______________________________, as
predecessor Trustee

By: ___________________________________
Name: ___________________________
Title: _____________________________

ANNEX 5
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

EXTENSION

[TRUSTEE]
____
____
____

Our Irrevocable Letter of Credit No. **[__________]** (the "*Letter of Credit*") is hereby extended to _________, 20__. All other terms of the Letter of Credit shall remain unchanged.

PNC Bank, National Association

By: ____________________________
Name: __________________________
Title: ___________________________

cc: Community Development Administration
Maryland Department of Housing and Community Development

ANNEX 6
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

INSTRUCTIONS TO REINSTATE LETTER OF CREDIT AMOUNT
UPON SALE OF TENDERED BOND

____________________, 20__

PNC Bank, National Association
500 First Avenue, Second Floor
Mail Stop P7-PFSC-02-T
Pittsburgh, Pennsylvania 15219
Attention: Trade Service Operations
Telecopy: (412) 705-0966

Re: Irrevocable Letter of Credit No. **[__________]**

Ladies and Gentlemen:

The undersigned, a duly authorized officer of Manufacturers and Traders Trust Company (the "*Trustee*") hereby certifies to PNC Bank, National Association (the "*Bank*") with reference to Irrevocable Letter of Credit No. **[__________]** (the "*Letter of Credit*", any capitalized term used herein and not defined herein having the meaning set forth in the Letter of Credit) that:

(1) There have been delivered to us Bank Bonds in the principal amount of $_________________ against your receipt of the purchase price therefor in immediately available funds together with payment in full of all interest accrued and unpaid on such Bank Bonds.

(2) We are authorized to and hereby instruct you to reinstate the Letter of Credit Amount by the aggregate amount of $__________ (____________________ Dollars), of which (i) an aggregate amount of $____________ (_____________________ Dollars) is being reinstated with respect to principal of the Bonds and (ii) an aggregate amount of $__________ (____________ Dollars) is being reinstated with respect to interest on such Bonds, as $__________ (__________ Dollars) **[principal amount being reinstated]** of the Bonds have been resold.

Very truly yours,

MANUFACTURERS AND TRADERS TRUST COMPANY

By: ______________________________________

Name: _____________________________

Title: ______________________________

ANNEX 7
TO
PNC BANK, NATIONAL ASSOCIATION
LETTER OF CREDIT
NO. [__________]

NOTICE OF TERMINATION

____________________, 20__

[TRUSTEE]
____
____
Attention:

Re: Irrevocable Letter of Credit No. **[__________]**

Ladies and Gentlemen:

The undersigned, a duly authorized officer of PNC Bank, National Association (the "*Bank*") hereby advises you, with reference to Irrevocable Transferable Letter of Credit No. **[__________]** (the "*Letter of Credit*"; any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in your favor, that (i) an "*Event of Default*" has occurred under Section 7(a) of the Reimbursement Agreement dated as of June 1, 2012, between the Community Development Administration and the Bank (other than an Event of Default solely under Section 7(a)(i)(z), 7(a)(iii) or 7(a)(iv) thereof), and (ii) the Letter of Credit will terminate eight (8) days following the date of this Notice of Event of Default and Termination of the Letter of Credit.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Mandatory Tender as of the __ day of ______, 20__.

PNC Bank, National Association

By: ________________________________

Name:______________________________

Title:______________________________

APPENDIX R

THE DEPOSITORY TRUST COMPANY AND BOOK-ENTRY

DTC and Book-Entry

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the 2008 Series D Bonds. The 2008 Series D Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2008 Series D Bond certificate will be issued for each separately stated maturity of the 2008 Series D Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of 2008 Series D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2008 Series D Bonds on DTC's records. The ownership interest of each actual purchaser of each 2008 Series D Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2008 Series D Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2008 Series D Bonds, except in the event that use of the book-entry system for the 2008 Series D Bonds is discontinued.

To facilitate subsequent transfers, all 2008 Series D Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2008 Series D Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2008 Series D Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2008 Series D Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The Trustee will make payments of principal of, redemption premium, if any, and interest on the 2008 Series D Bonds to Cede & Co., or such other DTC nominee as may be requested by an authorized representative of DTC. DTC's current practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Administration or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium (if any) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Administration or the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners entitled thereto is the responsibility of Direct and Indirect Participants. DTC, the Trustee and the Administration are not responsible for and make no representations concerning the manner of, or any charges that may be associated with, payments by Direct Participants or Indirect Participants to Beneficial Owners.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity of the 2008 Series D Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

DTC, Cede & Co. or such other DTC nominee will not consent or vote with respect to the 2008 Series D Bonds, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an omnibus proxy to the Administration as soon as possible after the record date for any consent or vote. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2008 Series D Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Neither the Administration nor the Trustee will have any responsibility or obligation to the Direct Participants or the Beneficial Owners with respect to (A) the accuracy of any records maintained by DTC or any Participant; (B) the payment by any Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the 2008 Series D Bonds; (C) the delivery or timeliness of delivery by any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolutions to be given to Bondholders; or (D) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

The Administration and the Trustee cannot give any assurances that DTC will distribute payments of principal of, redemption premium, if any, and interest on the 2008 Series D Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Direct Participants or that they will do so on a timely basis, that Direct Participants or Indirect Participants will distribute to Beneficial Owners any payments or notices received by them or do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

So long as Cede & Co. is the registered owner of the 2008 Series D Bonds, as nominee of DTC, references in this Official Statement to the owners of the 2008 Series D Bonds except under "TAX

EXEMPTION AND RELATED CONSIDERATIONS" shall mean Cede & Co. and shall not mean the Beneficial Owners and Cede & Co. will be treated as the only Bondholder of 2008 Series D Bonds for all purposes under the Bond Resolutions.

The Administration may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to 2008 Series D Bonds without the consent of Beneficial Owners or Bondholders.

DTC may discontinue providing its services as a depository with respect to the 2008 Series D Bonds at any time by giving reasonable notice to the Administration or Trustee. Under such circumstances, in the event that a successor depository is not obtained bond certificates will be printed and delivered. The Administration may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

Information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Administration believes to be reliable, but the Administration takes no responsibility for the accuracy thereof.

Definitive Bonds

DTC (or a successor securities depository) may discontinue providing its service with respect to the 2008 Series D Bonds at any time by giving notice to the Administration and discharging its responsibilities with respect thereto under applicable law. In addition, the Administration, in its sole discretion and without the consent of any other person, may elect not to use or may terminate the services of DTC (or a successor securities depository). Under such circumstances, 2008 Series D Bonds in definitive form will be delivered as provided in the Bond Resolutions and registered in accordance with the instructions of the purchasers, and the following requirements of the Bond Resolutions will apply. Interest on the 2008 Series D Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof or, upon the request of a registered owner of 2008 Series D Bonds having a principal amount of $1,000,000 or more, by wire transfer from the Trustee to the registered owner thereof. The principal of and redemption premium, if any, are payable at the corporate trust office of the Trustee upon presentation of the 2008 Series D Bonds on or after the date of maturity or redemption. Each exchange or transfer of the 2008 Series D Bonds may require the payment by the owner of any tax, fee or other charge imposed by law and a reasonable transfer fee of the Trustee.