Reznick Group

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
RESIDENTIAL REVENUE BONDS

JUNE 30, 2009 AND 2008

Community Development Administration
Residential Revenue Bonds

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Reznick Group

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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development

We have audited the accompanying financial statements of the Community Development Administration 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, 2009 and 2008, 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, 2009 and 2008, 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Disclosures of Change in Fair Value of Investments 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 24, 2009

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2009 and 2008

	2009	2008
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 302,216	$ 309,188
Investments	-	112,748
Single family mortgage loans	24,534	20,153
Accrued interest and other receivables	16,855	13,060
Claims receivable on foreclosed and other loans, net of allowance	26,740	6,113
Real estate owned, net of allowance	2,131	804
Due from other Funds	-	250
Total restricted current assets	372,476	462,316
Restricted long-term assets		
Investments, net of current portion	26,083	25,515
Single family mortgage loans, net of current portion and allowance	2,055,400	1,862,438
Deferred bond issuance costs	14,578	14,054
Total restricted long-term assets	2,096,061	1,902,007
Total restricted assets	$ 2,468,537	$ 2,364,323
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	$ 36,425	$ 34,082
Accounts payable	172	201
Rebate liability	64	-
Bonds payable and short-term debt	75,270	85,040
Due to other Funds	74	-
Total current liabilities	112,005	119,323
Long-term liabilities		
Rebate liability, net of current portion	2,800	4,041
Bonds payable, net of current portion	2,161,480	2,102,640
Total long-term liabilities	2,164,280	2,106,681
Total liabilities	2,276,285	2,226,004
COMMITMENTS AND CONTINGENCIES	-	-
NET ASSETS		
Restricted	192,252	138,319
Total liabilities and net assets	$ 2,468,537	$ 2,364,323

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, 2009 and 2008

	2009	2008
Operating revenue		
Interest on mortgage loans	$ 121,548	$ 97,834
Interest income on investments, net of rebate	5,674	25,685
Increase in fair value of investments, net of rebate	73	738
Fee income	429	405
Gain on foreclosure claims	11	44
Gain on early retirement of debt	1,974	1,192
Other operating revenue	125	28
	129,834	125,926
Operating expenses		
Interest expense on bonds and short-term debt	109,418	104,370
Professional fees and other operating expenses	2,198	1,742
Provision for loan losses	7,844	3,333
Origination expenses	2,330	1,224
Real estate owned expenses	116	21
Loss on real estate owned, net	50	-
Amortization of bond issuance costs	522	861
	122,478	111,551
Operating income	7,356	14,375
Transfers of funds, net, as permitted by the various bond indentures	46,577	2,747
Changes in net assets	53,933	17,122
Net assets - restricted at beginning of year	138,319	121,197
Net assets - restricted at end of year	$ 192,252	$ 138,319

See notes to financial statements

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 204,873	$ 173,596
Mortgage insurance claims received	10,665	4,752
Foreclosure expenses paid	(450)	(189)
Loan fees received	406	1,385
Loan fees disbursed	(5,939)	(12,682)
Purchase of mortgage loans	(322,129)	(584,633)
Professional fees and other operating expenses	(2,227)	(1,728)
Other income received	125	28
Other reimbursements	21	-
Net cash used in operating activities	(114,655)	(419,471)
Cash flows from investing activities		
Proceeds from maturities or sales of investments	137,113	437,417
Purchases of investments	(24,957)	(191,083)
Arbitrage rebate refunded	27	-
Interest received on investments	6,000	34,308
Net cash provided by investing activities	118,183	280,642
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	190,000	400,000
Payments on bond principal	(138,070)	(396,580)
Bond issuance costs	(1,557)	(2,723)
Interest on bonds and short-term debt	(107,450)	(98,578)
Transfers among Funds	46,577	2,747
Net cash used in noncapital financing activities	(10,500)	(95,134)
NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	(6,972)	(233,963)
Cash and cash equivalents on deposit with trustee at beginning of year	309,188	543,151
Cash and cash equivalents on deposit with trustee at end of year	$ 302,216	$ 309,188

(continued)

Community Development Administration
Residential Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2009 and 2008

	2009	2008
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 7,356	$ 14,375
Adjustments to reconcile operating income to net cash used in operating activities		
(Increase) decrease in assets		
Mortgage loans	(198,683)	(494,442)
Accrued interest and other receivables	(3,795)	6,676
Claims receivable on foreclosed and other loans	(22,923)	(4,884)
Real estate owned	(1,903)	(804)
Due from other Funds	250	(250)
Increase (decrease) in liabilities		
Accrued interest payable	2,343	6,192
Accounts payable	(29)	14
Rebate liability	(1,177)	540
Due to other Funds	74	(195)
Amortizations		
Deferred income and expense on loans	1,901	819
Investment discounts and premiums	70	(2,323)
Bond original issue discounts and premiums	(375)	(400)
Deferred bond issuance costs	522	861
Loan fees and expenses deferred	(5,533)	(11,276)
Provision for loan losses	7,844	3,333
Increase in fair value of investments	(46)	(785)
Arbitrage rebate refunded	(27)	-
Gain on early retirement of debt	(1,974)	(1,192)
Interest received on investments	(6,000)	(34,308)
Interest on bonds and short-term debt	107,450	98,578
Net cash used in operating activities	$ (114,655)	$ (419,471)

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2009 and 2008

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). CDA has adopted GASB Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*. Consequently, CDA applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions, and ARBS of the Committee on Accounting Procedure issued on or prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CDA has adopted GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis*. Under GASB Statement No. 34, net assets should be reported as restricted when constraints placed on net asset use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation. Accordingly, all net assets of the Fund are restricted as to their use as all net assets are pledged to bondholders.

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

Recent Accounting Pronouncements

In June of 2008, GASB published Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*, which supersedes GASB Technical Bulletin No. 2003-1 *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets.* This Statement addresses recognition and measurement of derivative instruments and disclosure of information about derivative instruments. The disclosures of GASB Technical Bulletin No. 2003-1 have been incorporated in Statement No. 53, which will become effective for financial statements for periods beginning after June 15, 2009. The Statement will require that all CDA interest rate exchange agreements (swaps) are reported at fair value in the Statement of Net Assets and that all swaps are tested 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. For the years ended June 30, 2009 and 2008, CDA swaps are reported in accordance with GASB Technical Bulletin No. 2003-1 and are more fully described in Note 9.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009, cash equivalents are invested in a money market mutual fund and U.S. Government Agencies. As of June 30, 2008, the Fund's cash equivalents were invested in money market mutual funds. Cash equivalents are more fully described in Note 3.

Investments

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

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of 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 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. See Note 5 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Claims Receivable on Foreclosed and Other Loans

Claims receivable on foreclosed and other loans include insured loans that are in foreclosure or other loans with pending insurance claims. 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.

Real Estate Owned

Real estate owned represents real estate acquired through foreclosure 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 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, 2009 and 2008, CDA has established an allowance for loan losses on the uninsured portions of 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 or have been recorded as real estate owned. 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. See Notes 4 and 14 for additional information.

Deferred Bond Issuance Costs

Costs incurred in issuing bonds are capitalized and amortized using the effective interest method for each respective bond issue. When bonds are redeemed early with mortgage prepayments, a proportionate share of the remaining unamortized costs is recognized as a loss on the Statements of Revenue, Expenses and Changes in Net Assets. If unamortized original issue premiums exceed unamortized deferred issuance costs and original issue discounts, CDA records a gain.

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 original issue discounts or premiums. See Notes 6, 7, 8, 9, 10 and 12 for more information.

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.

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, 2009 and 2008, all mortgage loan yields were in compliance with the Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest on Mortgage Loans

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

Fee Income

CDA receives single family commitment 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.

Revenue and Expenses

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Reclassifications

Certain 2008 amounts have been reclassified to conform to 2009 financial statement presentation.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Bond proceeds and revenues from mortgages 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 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, AND INVESTMENTS (Continued)

The following assets, reported at fair value and held by the Fund as of June 30, 2009 and 2008, are evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2009	2008
Cash and Cash Equivalents:		
Federated Treasury Obligations Fund	$ 289,212	$ 135,796
The Reserve U.S. Government Fund	-	173,392
Obligations of U.S. Government Agencies	13,004	-
Investments:		
Obligations of U.S. Government Agencies	8,096	120,618
Repurchase and Investment Agreements	17,987	17,645
Total	$ 328,299	$ 447,451

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, AND INVESTMENTS (Continued)

As of June 30, 2009, the amortized cost, fair value and maturities for these assets were as follows:

Asset	Amortized Cost	Fair Value	Maturities (in years) Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 289,212	$ 289,212	$ 289,212	$ -	$ -	$ -	$ -
Obligations of U.S. Government Agencies	20,080	21,100	13,004	-	-	2,236	5,860
Repurchase agreements/ Investment agreements	17,987	17,987	-	-	-	-	17,987
Total	$ 327,279	$ 328,299	$ 302,216	$ -	$ -	$ 2,236	$ 23,847

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

Asset	Amortized Cost	Fair Value	Maturities (in years) Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 135,796	$ 135,796	$ 135,796	$ -	$ -	$ -	$ -
The Reserve U.S. Government Fund	173,392	173,392	173,392	-	-	-	-
Obligations of U.S. Government Agencies	119,644	120,618	112,748	-	-	2,200	5,670
Repurchase agreements/ Investment agreements	17,645	17,645	-	-	-	-	17,645
Total	$ 446,477	$ 447,451	$ 421,936	$ -	$ -	$ 2,200	$ 23,315

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

The Federated Treasury Obligations Fund invests primarily in repurchase agreements collateralized by Treasury securities and U.S. Treasuries. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2009 and 2008, 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, 2009, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2008, all counterparty ratings were at least equal to the ratings on the Fund's bonds except for one counterparty whose credit rating of Aa3 had not affected the Aa2 rating on the bonds. The ratings on Residential Revenue Bonds as of June 30, 2009 and 2008 were Aa2 by Moody's Investors Service and AA by Fitch Ratings. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent 5 percent or more of total investments in accordance with GASB Statement No. 40.

(in thousands)

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

As of June 30, 2009, 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	$ 289,212	88.09%	Aaa		Moody's
Obligations of U.S. Government Agencies:					
Federal Home Loan Banks	13,004	3.96%		Aaa	Moody's
Other government agencies	8,096	2.47%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				Underlying securities credit rating	
WestLB rated Aa1 by Moody's*	17,987	5.48%		Aaa	Moody's
Total	$ 328,299	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, AND INVESTMENTS (Continued)

As of June 30, 2008, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Treasury Obligations Fund	$ 135,796	30.35%	Aaa		Moody's
The Reserve U.S. Government Fund	173,392	38.75%	Aaa		Moody's
Obligations of U.S. Government Agencies:					
Federal Home Loan Banks	112,748	25.20%		Aaa	Moody's
Other government agencies	7,870	1.76%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				Underlying securities credit rating	
Counterparty rated Aa1 by Moody's	16,171	3.61%		Aaa	Moody's
Counterparty rated Aa3 by Moody's	1,474	0.33%		Aaa	Moody's
Total	$ 447,451	100.00%			

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.

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, 2009 and 2008, the Fund's investments were not subject to custodial credit risk under GASB Statement No. 40. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

(in thousands)

NOTE 4 - MORTGAGE LOANS

All mortgage loans of the Fund are secured by first liens on the related property. Substantially all the 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, 2009 and 2008, interest rates on such loans ranged from 4.0% to 7.75%. Remaining loan terms ranged from approximately 18 to 40 years and 19 to 40 years, respectively.

For the year ended June 30, 2009, the 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, other loans with pending insurance claims or loans that have been recorded as real estate owned, were as follows:

	Balance at June 30, 2008	Increase in provision for loan losses	Balance at June 30, 2009
Allowance for loan losses -			
Mortgage loans	$ 4,597	$ 4,972	$ 9,569
Claims receivable	-	2,296	2,296
Real estate owned	-	576	576
Total	$ 4,597	$ 7,844	$ 12,441

For the year ended June 30, 2008, the balances and changes in the allowance for loan losses on the uninsured portions of single family loans with private mortgage insurance, were as follows:

	Balance at June 30, 2007	Increase in provision for loan losses	Balance at June 30, 2008
Allowance for loan losses -			
Mortgage loans	$ 1,264	$ 3,333	$ 4,597

(in thousands)

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2009 and 2008 were as follows:

	2009	2008
Accrued mortgage loan interest	$ 16,356	$ 11,128
Accrued investment interest	499	1,905
Miscellaneous billings	-	27
	$ 16,855	$ 13,060

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 year ended June 30, 2009, CDA did not issue any additional short-term debt. The balance of $30,000, as of June 30, 2008, in Residential Revenue Bonds 2007 Series L matured December 15, 2008.

(in thousands)

NOTE 6 - SHORT-TERM DEBT (Continued)

Short-term debt activity for the year ended June 30, 2008 was as follows:

	Balance at June 30, 2007	Bond Activity: Issued	Bond Activity: Matured/ redeemed	Balance at June 30, 2008
Residential Revenue Bonds				
2006 Series M	$ 76,795	$ -	$ 76,795	$ -
2006 Series N	103,205	-	103,205	-
2006 Series Q	95,120	-	95,120	-
2006 Series R	24,880	-	24,880	-
2007 Series L	-	30,000	-	30,000
Total	$ 300,000	$ 30,000	$ 300,000	$ 30,000

The outstanding short-term debt of $30,000 plus the principal payments due within one year of $55,040 equal the current portion of bonds payable and short-term debt of $85,040 on the Statements of Net Assets at June 30, 2008.

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. The prescribed optional redemption premiums range from 0% to 1.0% of the principal amount.

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 C, F and I; 2005 Series C; 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%, except for 2007 Series F, J and M which have a maximum interest rate of 15%.

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

2006 Series S and 2007 Series B, E, F, I, J and M

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2009, and the debt outstanding and bonds payable as of June 30, 2009:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2008	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2009	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2009
Residential Revenue Bonds										
1998 Series A	01/01/98	4.70% - 5.05%	2010 - 2017	$ 4,640	$ -	$ -	$ (1,070)	$ 3,570	$ -	$ 3,570
1998 Series B	01/01/98	4.85% - 5.30%	2008 - 2023	14,845	-	(1,610)	(13,235)	-	-	-
1998 Series D	12/01/98	4.45% - 5.25%	2008 - 2029	33,190	-	(1,440)	(1,175)	30,575	-	30,575
1999 Series C	05/01/99	4.70% - 4.95%	2011 - 2015	2,665	-	-	-	2,665	-	2,665
1999 Series D	05/01/99	4.55% - 5.40%	2008 - 2031	30,420	-	(1,100)	(310)	29,010	(7)	29,003
1999 Series H	12/01/99	6.15%	2025	9,640	-	-	(220)	9,420	-	9,420
2000 Series F	08/01/00	4.65% - 5.00%	2008 - 2012	6,190	-	(1,355)	(915)	3,920	-	3,920
2001 Series A	03/01/01	4.15% - 5.00%	2008 - 2017	11,685	-	(915)	-	10,770	-	10,770
2001 Series B	03/01/01	4.65% - 5.45%	2011 - 2032	25,785	-	-	(6,605)	19,180	-	19,180
2001 Series E	06/01/01	4.20% - 4.65%	2008 - 2012	7,795	-	(1,460)	(1,240)	5,095	-	5,095
2001 Series G	08/15/01	3.85% - 4.20%	2008 - 2011	4,795	-	(970)	-	3,825	-	3,825
2001 Series H	08/15/01	4.40% - 5.35%	2011 - 2033	34,060	-	-	(1,215)	32,845	-	32,845
2003 Series A	11/01/03	2.55% - 4.05%	2008 - 2015	7,225	-	(805)	-	6,420	-	6,420
2003 Series B	11/01/03	4.75% - 5.00%	2019 - 2026	6,365	-	-	(1,125)	5,240	236	5,476
2003 Series C	12/09/03	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series A	05/13/04	2.55% - 4.20%	2008 - 2016	9,300	-	(910)	-	8,390	-	8,390
2004 Series B	05/13/04	5.00%	2023 - 2028	9,485	-	-	(2,080)	7,405	242	7,647
2004 Series C	05/13/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series D	08/12/04	3.00% - 4.40%	2008 - 2016	10,925	-	(1,055)	-	9,870	-	9,870
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	16,770	-	-	(2,385)	14,385	296	14,681
2004 Series F	08/12/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series G	11/10/04	2.25% - 3.65%	2008 - 2016	11,270	-	(1,120)	-	10,150	-	10,150
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	16,080	-	-	(2,525)	13,555	414	13,969
2004 Series I	11/10/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series A	03/30/05	2.80% - 3.90%	2008 - 2016	11,540	-	(1,125)	-	10,415	-	10,415
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	21,925	-	-	(1,940)	19,985	492	20,477
2005 Series C	03/30/05	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series D	11/10/05	3.05% - 4.05%	2008 - 2017	12,455	-	(1,065)	-	11,390	-	11,390
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	41,625	-	-	(1,060)	40,565	684	41,249
2006 Series A	02/23/06	3.30% - 4.10%	2008 - 2017	12,020	-	(1,025)	-	10,995	-	10,995
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	44,965	-	-	(2,165)	42,800	634	43,434
2006 Series E	05/24/06	3.55% - 4.35%	2008 - 2017	23,540	-	(1,985)	-	21,555	-	21,555
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	52,635	-	-	(3,515)	49,120	1,949	51,069
2006 Series G	05/24/06	Variable rate	2040	40,000	-	-	-	40,000	-	40,000
2006 Series H	07/13/06	3.60% - 4.15%	2008 - 2017	17,670	-	(1,485)	-	16,185	-	16,185
2006 Series I	07/13/06	3.75% - 6.00%	2008 - 2041	135,845	-	(1,480)	(6,400)	127,965	3,526	131,491
2006 Series J	07/13/06	Variable rate	2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.55% - 4.15%	2008 - 2017	15,000	-	(1,250)	-	13,750	-	13,750

(continued)

Community Development Administration
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2009 and 2008

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2008	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2009	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2009
Residential Revenue Bonds (continued)										
2006 Series L	09/14/06	3.80% - 5.75%	2008 - 2041	$ 161,665	$ -	$ (1,325)	$ (3,085)	$ 157,255	$ 2,588	$ 159,843
2006 Series O	12/13/06	3.40% - 3.85%	2008 - 2017	10,000	-	(840)	-	9,160	-	9,160
2006 Series P	12/13/06	3.75% - 5.75%	2008 - 2037	83,715	-	(1,395)	(1,685)	80,635	1,590	82,225
2006 Series S	12/13/06	6.07%	2037	24,470	-	-	(1,060)	23,410	-	23,410
2007 Series A	03/28/07	3.70% - 5.75%	2008 - 2047	269,460	-	(1,690)	(5,485)	262,285	9,105	271,390
2007 Series B	03/28/07	6.00%	2037	29,515	-	-	(685)	28,830	-	28,830
2007 Series C	06/20/07	3.60% - 3.95%	2009 - 2017	45,000	-	-	-	45,000	-	45,000
2007 Series D	06/20/07	3.80% - 5.50%	2008 - 2048	174,345	-	(2,170)	(3,990)	168,185	3,271	171,456
2007 Series E	06/20/07	4.88% - 6.11%	2008 - 2042	49,065	-	(895)	-	48,170	-	48,170
2007 Series F	06/20/07	Variable rate	2031	50,330	-	-	(2,090)	48,240	-	48,240
2007 Series G	08/09/07	3.60% - 4.30%	2008 - 2017	61,605	-	(5,125)	-	56,480	-	56,480
2007 Series H	08/09/07	3.85% - 5.20%	2008 - 2048	63,395	-	(290)	(590)	62,515	-	62,515
2007 Series I	08/09/07	5.23% - 6.56%	2008 - 2043	62,800	-	(870)	-	61,930	-	61,930
2007 Series J	08/09/07	Variable rate	2031	62,085	-	-	(1,670)	60,415	-	60,415
2007 Series K	12/12/07	3.25% - 3.85%	2009 - 2017	30,000	-	-	(205)	29,795	-	29,795
2007 Series L	12/12/07	3.37%	12/15/2008	30,000	-	(30,000)	-	-	-	-
2007 Series M	12/12/07	Variable rate	2043	30,000	-	-	(450)	29,550	-	29,550
2008 Series A	06/19/08	2.20% - 4.00%	2009 - 2017	60,000	-	-	(470)	59,530	-	59,530
2008 Series B	09/04/08	1.95% - 4.20%	2009 - 2017	-	19,770	-	-	19,770	-	19,770
2008 Series C	09/04/08	4.45% - 5.65%	2019 - 2048	-	80,230	-	(670)	79,560	-	79,560
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
Total				$ 2,159,800	$ 190,000	$ (66,755)	$ (71,315)	$ 2,211,730	$ 25,020	$ 2,236,750

Community Development Administration
Residential Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2009 and 2008

NOTE 7 - BONDS PAYABLE (Continued)

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

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2007	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2008	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2008
Residential Revenue Bonds										
1998 Series A	01/01/98	4.70% - 5.05%	2010 - 2017	$ 4,640	$ -	$ -	$ -	$ 4,640	$ -	$ 4,640
1998 Series B	01/01/98	4.55% - 5.35%	2007 - 2030	32,750	-	(1,535)	(16,370)	14,845	6	14,851
1998 Series D	12/01/98	4.35% - 5.25%	2007 - 2029	35,005	-	(1,385)	(430)	33,190	-	33,190
1999 Series C	05/01/99	4.70% - 4.95%	2011 - 2015	2,665	-	-	-	2,665	-	2,665
1999 Series D	05/01/99	4.45% - 5.40%	2007 - 2031	32,135	-	(1,050)	(665)	30,420	(8)	30,412
1999 Series E	08/01/99	4.90% - 5.45%	2007 - 2013	11,370	-	(1,465)	(9,905)	-	-	-
1999 Series H	12/01/99	6.15%	2025	9,855	-	-	(215)	9,640	-	9,640
2000 Series A	03/01/00	5.15%	2007	290	-	(290)	-	-	-	-
2000 Series F	08/01/00	4.60% - 5.00%	2007 - 2012	8,285	-	(1,285)	(810)	6,190	-	6,190
2001 Series A	03/01/01	4.05% - 5.00%	2007 - 2017	12,565	-	(880)	-	11,685	-	11,685
2001 Series B	03/01/01	4.65% - 5.45%	2011 - 2032	27,910	-	-	(2,125)	25,785	-	25,785
2001 Series E	06/01/01	4.05% - 4.65%	2007 - 2012	9,415	-	(1,405)	(215)	7,795	-	7,795
2001 Series F	06/01/01	5.30% - 5.50%	2016 - 2022	8,775	-	-	(8,775)	-	-	-
2001 Series G	08/15/01	3.65% - 4.20%	2007 - 2011	5,735	-	(940)	-	4,795	-	4,795
2001 Series H	08/15/01	4.40% - 5.35%	2011 - 2033	34,945	-	-	(885)	34,060	-	34,060
2002 Series A	02/01/02	4.05% - 5.45%	2007 - 2033	6,105	-	(135)	(5,970)	-	-	-
2003 Series A	11/01/03	2.15% - 4.05%	2007 - 2015	8,015	-	(790)	-	7,225	-	7,225
2003 Series B	11/01/03	4.75% - 5.00%	2019 - 2026	8,420	-	-	(2,055)	6,365	307	6,672
2003 Series C	12/09/03	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series A	05/13/04	2.10% - 4.20%	2007 - 2016	10,185	-	(885)	-	9,300	-	9,300
2004 Series B	05/13/04	5.00%	2023 - 2028	11,550	-	-	(2,065)	9,485	346	9,831
2004 Series C	05/13/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series D	08/12/04	2.65% - 4.40%	2007 - 2016	11,955	-	(1,030)	-	10,925	-	10,925
2004 Series E	08/12/04	5.15% - 5.25%	2023 - 2030	19,010	-	-	(2,240)	16,770	400	17,170
2004 Series F	08/12/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2004 Series G	11/10/04	1.95% - 3.65%	2007 - 2016	12,365	-	(1,095)	-	11,270	-	11,270
2004 Series H	11/10/04	4.55% - 5.00%	2023 - 2029	19,465	-	-	(3,385)	16,080	570	16,650
2004 Series I	11/10/04	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series A	03/30/05	2.60% - 3.90%	2007 - 2016	12,640	-	(1,100)	-	11,540	-	11,540
2005 Series B	03/30/05	4.55% - 5.25%	2023 - 2029	24,630	-	-	(2,705)	21,925	612	22,537
2005 Series C	03/30/05	Variable rate	2035	20,000	-	-	-	20,000	-	20,000
2005 Series D	11/10/05	2.95% - 4.05%	2007 - 2017	13,485	-	(1,030)	-	12,455	-	12,455
2005 Series E	11/10/05	4.75% - 5.50%	2025 - 2036	44,275	-	-	(2,650)	41,625	764	42,389
2006 Series A	02/23/06	3.30% - 4.10%	2008 - 2017	12,020	-	-	-	12,020	-	12,020
2006 Series B	02/23/06	4.75% - 5.50%	2025 - 2037	47,365	-	-	(2,400)	44,965	772	45,737
2006 Series E	05/24/06	3.55% - 4.35%	2008 - 2017	23,540	-	-	-	23,540	-	23,540
2006 Series F	05/24/06	4.80% - 6.00%	2021 - 2039	56,090	-	-	(3,455)	52,635	2,244	54,879

(continued)

(in thousands)

NOTE 7 - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2007	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2008	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2008
Residential Revenue Bonds (continued)										
2006 Series G	05/24/06	Variable rate	2040	$ 40,000	$ -	$ -	$ -	$ 40,000	$ -	$ 40,000
2006 Series H	07/13/06	3.60% - 4.15%	2008 - 2017	17,670	-	-	-	17,670	-	17,670
2006 Series I	07/13/06	3.75% - 6.00%	2008 - 2041	141,580	-	-	(5,735)	135,845	4,058	139,903
2006 Series J	07/13/06	Variable rate	2040	60,000	-	-	-	60,000	-	60,000
2006 Series K	09/14/06	3.55% - 4.15%	2008 - 2017	15,000	-	-	-	15,000	-	15,000
2006 Series L	09/14/06	3.80% - 5.75%	2008 - 2041	164,675	-	-	(3,010)	161,665	2,823	164,488
2006 Series M	09/14/06	3.67%	9/12/2007	76,795	-	(76,795)	-	-	-	-
2006 Series N	09/14/06	3.72%	9/12/2007	103,205	-	(103,205)	-	-	-	-
2006 Series O	12/13/06	3.40% - 3.85%	2008 - 2017	10,000	-	-	-	10,000	-	10,000
2006 Series P	12/13/06	3.75% - 5.75%	2008 - 2037	85,000	-	-	(1,285)	83,715	1,740	85,455
2006 Series Q	12/13/06	3.59%	12/14/2007	95,120	-	(95,120)	-	-	-	-
2006 Series R	12/13/06	3.64%	12/14/2007	24,880	-	(24,880)	-	-	-	-
2006 Series S	12/13/06	6.07%	2037	25,000	-	-	(530)	24,470	-	24,470
2007 Series A	03/28/07	3.70% - 5.75%	2008 - 2047	270,000	-	-	(540)	269,460	9,684	279,144
2007 Series B	03/28/07	6.00%	2037	30,000	-	-	(485)	29,515	-	29,515
2007 Series C	06/20/07	3.60% - 3.95%	2009 - 2017	45,000	-	-	-	45,000	-	45,000
2007 Series D	06/20/07	3.80% - 5.50%	2008 - 2048	175,000	-	-	(655)	174,345	3,562	177,907
2007 Series E	06/20/07	4.88% - 6.11%	2008 - 2042	49,375	-	(310)	-	49,065	-	49,065
2007 Series F	06/20/07	Variable rate	2031	50,625	-	-	(295)	50,330	-	50,330
2007 Series G	08/09/07	3.60% - 4.30%	2008 - 2017	-	61,605	-	-	61,605	-	61,605
2007 Series H	08/09/07	3.85% - 5.20%	2008 - 2048	-	63,395	-	-	63,395	-	63,395
2007 Series I	08/09/07	5.23% - 6.56%	2008 - 2043	-	62,800	-	-	62,800	-	62,800
2007 Series J	08/09/07	Variable rate	2031	-	62,200	-	(115)	62,085	-	62,085
2007 Series K	12/12/07	3.25% - 3.85%	2009 - 2017	-	30,000	-	-	30,000	-	30,000
2007 Series L	12/12/07	3.37%	12/15/2008	-	30,000	-	-	30,000	-	30,000
2007 Series M	12/12/07	Variable rate	2043	-	30,000	-	-	30,000	-	30,000
2008 Series A	06/19/08	2.20% - 4.00%	2009 - 2017	-	60,000	-	-	60,000	-	60,000
Total				$ 2,156,380	$ 400,000	$ (316,610)	$ (79,970)	$ 2,159,800	$ 27,880	$ 2,187,680

(in thousands)

NOTE 8 - DEBT SERVICE REQUIREMENTS

As of June 30, 2009, the required principal payments for short-term debt and bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2009, 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
2010	$ 93,451	$ 75,270
2011	90,257	49,435
2012	88,299	54,600
2013	86,170	55,595
2014	83,870	60,970
2015 - 2019	378,248	335,820
2020 - 2024	313,003	261,250
2025 - 2029	251,858	253,735
2030 - 2034	182,806	387,130
2035 - 2039	101,745	448,600
2040 - 2044	36,287	202,925
2045 - 2049	3,102	26,400
Totals	$ 1,709,096	$ 2,211,730

The interest calculations on outstanding variable rate bonds in the amount of $388,205 are based on the variable rates in effect on June 30, 2009, 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, 2008, the required principal payments for short-term debt and bonds (including mandatory sinking fund payments and special and option redemptions that occurred subsequent to June 30, 2008 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
2009	$ 94,590	$ 85,040
2010	91,860	44,575
2011	90,099	47,955
2012	88,158	52,535
2013	86,064	52,715
2014 - 2018	394,253	319,265
2019 - 2023	331,684	236,910
2024 - 2028	271,932	242,935
2029 - 2033	204,284	380,015
2034 - 2038	119,586	444,545
2039 - 2043	42,919	182,590
2044 - 2048	3,841	70,720
Totals	$ 1,819,270	$ 2,159,800

The interest calculations on outstanding variable rate bonds in the amount of $342,415 are based on the variable rates in effect on June 30, 2008, 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, 2009 and 2008, are provided on the following pages. The counterparty credit ratings for all outstanding swaps as of June 30, 2009 and 2008 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 the GASB Technical Bulletin No. 2003-1.

(in thousands)

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

As of June 30, 2009, 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 0.29%	($840)	9/1/2035 (2)(7)
UBS AG	2006 Series G	$40,000	$40,000	5/24/2006	4.403%	64% of LIBOR plus 0.29%	($4,100)	9/1/2040 (3)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$40,000	$40,000	7/13/2006	4.403%	64% of LIBOR plus 0.29%	($1,980)	9/1/2040 (3)(7)
JPMorgan Chase Bank, N.A. (JPM)	2006 Series J	$20,000	$20,000	7/13/2006	4.455%	64% of LIBOR plus 0.29%	($4,105)	9/1/2040 (3)(7)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$50,625	$48,240	6/20/2007	5.2425%	LIBOR	($5,035)	3/1/2026 (4)(6)(9)
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$62,200	$60,415	8/9/2007	5.7020%	LIBOR	($7,980)	9/1/2025 (4)(6)(9)
UBS AG	2007 Series M	$30,000	$29,550	12/12/2007	5.2150%	LIBOR	($2,290)	9/1/2043 (5)(6)
Merrill Lynch Derivative Products AG (MLDP)	2008 Series D	$50,000	$50,000	9/4/2008	3.6880%	64% of LIBOR plus 0.31%	($3,125)	9/1/2038 (8)(9)

Notes to Table (on page 33)

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

Notes to Table (from page 32):

(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. 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, 2009.

(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 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.

(in thousands)

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

As of June 30, 2008, 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**
Bear Stearns Financial Products (BSFP)	2004 Series I	$20,000	$20,000	9/1/2005	3.8525%	64% of LIBOR plus 0.29%	$25	9/1/2035[2][7]
UBS AG	2006 Series G	$40,000	$40,000	5/24/2006	4.403%	64% of LIBOR plus 0.29%	($2,365)	9/1/2040[3]
Bear Stearns Financial Products (BSFP)	2006 Series J	$40,000	$40,000	7/13/2006	4.403%	64% of LIBOR plus 0.29%	($2,235)	9/1/2040[3][7]
Bear Stearns Financial Products (BSFP)	2006 Series J	$20,000	$20,000	7/13/2006	4.455%	64% of LIBOR plus 0.29%	($1,205)	9/1/2040[3][7]
Merrill Lynch Derivative Products AG (MLDP)	2007 Series F	$50,625	$50,330	6/20/2007	5.2425%	LIBOR	($1,530)	3/1/2026[4][6]
Merrill Lynch Derivative Products AG (MLDP)	2007 Series J	$62,200	$62,085	8/9/2007	5.7020%	LIBOR	($3,385)	9/1/2025[4][6]
UBS AG	2007 Series M	$30,000	$30,000	12/12/2007	5.2150%	LIBOR	($460)	9/1/2043[5]

Notes to Table (continued on page 35):

(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.

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

Notes to Table (continued from page 34):

(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 this interest rate swap transaction without any termination payment up to the Maximum Optional Early Termination Amounts on September 1, 2008 and on each March 1 and September 1 thereafter. 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 amortized as of March 1, 2008.

(7) On May 30, 2008, JP Morgan & Co. acquired The Bear Stearns Companies Inc. Notwithstanding this acquisition, Bear Stearns Financial Products remains in existence and continues as a swap provider on this swap agreement.

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.

(in thousands)

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

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, 2009 and 2008. As of June 30, 2009, CDA was not exposed to credit risk under the swap agreements with JPM, UBS AG or MLDP 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, 2008, CDA was not exposed to credit risk under the swap agreements with BSFP, UBS AG and MLDP since the swaps had negative fair values.

The credit rating details for each swap counterparty, including credit rating thresholds, and the total fair value amounts as of June 30, 2009 are summarized below:

Swap Counterparty	**Outstanding Notional Amount**	**Current Credit Rating**	**Collateral Posting Credit Rating Threshold**	**Fair Value**
JPMorgan Chase Bank, N.A. (JPM)	$80,000	Aa3 from Moody's A+ from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	($6,925)
UBS AG	$69,550	Aa2 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	($6,390)
Merrill Lynch Derivative Products AG (MLDP)	$158,655	Aaa from Moody's(1) 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	($16,140)

(1) As of July 16, 2009, the rating for MLDP was changed to Aa1.

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, 2008 are summarized below:

Swap Counterparty	Outstanding Notional Amount	Current Credit Rating	Collateral Posting Credit Rating Threshold	Fair Value
Bear Stearns Financial Products (BSFP)	$80,000	Aaa from Moody's AAA from Standard and Poor's	A1 or below from Moody's or A+ or below from Standard and Poor's	($3,415)
UBS AG	$70,000	Aa1 from Moody's AA- from Standard and Poor's AA- from Fitch	A1 or below from Moody's or A+ or below from Standard and Poor's or Fitch	($2,825)
Merrill Lynch Derivative Products AG (MLDP)	$112,415	Aaa 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	($4,915)

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.

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.

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

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.

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.

(in thousands)

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

Swap Payments and Associated Debt

As of June 30, 2009, 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, 2009, 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
2010	$ 3,990	$ 4,890	$ 13,053	$ 21,933
2011	110	4,214	12,642	16,966
2012	-	4,223	12,037	16,260
2013	-	4,204	11,479	15,683
2014	-	4,213	10,969	15,182
2015 - 2019	5,300	21,053	47,360	73,713
2020 - 2024	9,150	20,882	35,731	65,763
2025 - 2029	15,100	20,636	29,783	65,519
2030 - 2034	150,745	13,108	23,251	187,104
2035 - 2039	76,230	4,901	11,558	92,689
2040 - 2044	47,580	3,541	2,253	53,374
Totals	$ 308,205	$ 105,865	$ 210,116	$ 624,186

(in thousands)

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

As of June 30, 2008, 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, 2008, 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	Hedged Variable Rate Bonds		Interest Rate	
June 30,	Principal	Interest	Swaps, Net	Total
2009	$ 1,445	$ 6,198	$ 6,836	$ 14,479
2010	-	5,697	6,909	12,606
2011	-	5,697	6,613	12,310
2012	-	5,710	6,255	11,965
2013	-	5,684	5,947	11,631
2014 - 2018	-	28,486	25,477	53,963
2019 - 2023	-	28,486	18,997	47,483
2024 - 2028	2,825	28,477	15,485	46,787
2029 - 2033	139,570	23,021	12,523	175,114
2034 - 2038	60,735	9,097	6,710	76,542
2039 - 2043	27,965	4,644	1,134	33,743
2044 - 2048	29,875	390	-	30,265
Totals	$ 262,415	$ 151,587	$ 112,886	$ 526,888

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.

(in thousands)

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.

Rebate liability activity for the years ended June 30, 2009 and 2008 was as follows:

	2009	2008
Beginning rebate liability	$ 4,041	$ 3,501
Change in estimated liability due to excess investment earnings	(1,150)	466
Change in estimated liability due to change in fair value of investments	(27)	47
Plus - refund due	-	27
Ending rebate liability	$ 2,864	$ 4,041

Total rebate liability is allocated as follows:

	2009	2008
Estimated liability due to excess investment earnings	$ 2,844	$ 3,994
Estimated liability due to change in fair value of investments	20	47
Ending rebate liability	$ 2,864	$ 4,041

(in thousands)

NOTE 12 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2009 and 2008 were as follows:

	2009	2008
Rebate liability		
Beginning balance	$ 4,041	$ 3,501
Additions	-	540
Reductions	(1,177)	-
Ending balance	2,864	4,041
Less due within one year	(64)	-
Total long-term rebate liability	2,800	4,041
Bonds payable		
Beginning balance	2,187,680	2,186,486
Additions	190,000	400,000
Reductions	(138,070)	(396,580)
Change in deferred amounts for issuance discounts/premiums	(2,860)	(2,226)
Ending balance	2,236,750	2,187,680
Less due within one year	(75,270)	(85,040)
Total long-term bonds payable	2,161,480	2,102,640
Total long-term liabilities	$ 2,164,280	$ 2,106,681

(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, 2009 and 2008, the Fund transferred the following amounts, as permitted, among Funds:

	2009	2008
Excess revenue transferred from Single Family Program Bonds	$ 21,000	$ -
Cost of issuance on bonds and other expenses transferred from Single Family Program Bonds	1,577	2,747
Excess revenue transferred from Multi-Family Housing Revenue Bonds	12,000	-
Excess revenue transferred from Housing Revenue Bonds	12,000	-
	$ 46,577	$ 2,747

As of June 30, 2009 and 2008, due (to) from other Funds consisted of the following:

	2009	2008
Mortgage loan receipts for participation loans due to Single Family Program Bonds	$ (74)	$ (132)
Mortgage loan purchase funds due from Single Family Program Bonds	-	382
	$ (74)	$ 250

NOTE 14 - MORTGAGE INSURANCE

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

About 38% of all 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 60% of total loans are insured by private mortgage insurers or MHF at 35% of the loan amount. In the opinion of management, these coverage levels are sufficient so that no pool insurance or reserves are required. An allowance for loan losses has been established for loans insured by private mortgage insurers. Premiums are paid by single family mortgagors or CDA.

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.

NOTE 16 - COMMITMENTS

As of June 30, 2009, CDA had approximately $38,235 in reservations for single family mortgages at interest rates ranging from 5.375% to 6.75%. CDA plans to purchase these loans with proceeds from the Fund.

(in thousands)

NOTE 17 - SUBSEQUENT EVENTS

CDA has evaluated subsequent events through September 24, 2009 which is the date of this report.

Subsequent to the year ended June 30, 2009, the following bond activity took place:

On September 1, 2009, CDA redeemed the following bonds:

1998 Series A	$1,165
1998 Series D	$245
1999 Series D	$175
1999 Series H	$20
2000 Series F	$295
2001 Series B	$740
2001 Series E	$540
2001 Series H	$75
2003 Series B	$410
2004 Series B	$305
2004 Series E	$445
2004 Series H	$190
2005 Series B	$915
2005 Series E	$370
2006 Series B	$230
2006 Series F	$1,165
2006 Series I	$3,460
2006 Series L	$2,205
2006 Series P	$350
2006 Series S	$500
2007 Series A	$5,040
2007 Series B	$595
2007 Series D	$3,060
2007 Series F	$1,755
2007 Series H	$180
2007 Series J	$1,735

(in thousands)

NOTE 17 - SUBSEQUENT EVENTS (Continued)

On September 1, 2009, CDA redeemed the following bonds (continued):

2007 Series K	$125
2007 Series M	$500
2008 Series A	$1,240
2008 Series C	$2,410

On September 24, 2009, CDA issued the following bonds:

2009 Series A	$40,000

On September 24, 2009, CDA remarketed Residential Revenue Bonds 2007 Series J from taxable to tax-exempt. In addition, CDA entered into a new interest rate exchange agreement (swap) for a notional amount of $58,680, effective September 1, 2009, for the Residential Revenue Bonds 2007 Series J. This agreement, a synthetic fixed rate contract, replaces the existing swap agreement on the bonds and will hedge the $58,680 in variable rate debt in Residential Revenue Bonds 2007 Series J.

Also, subsequent to the year ended June 30, 2009, the following activity took place:

On August 18, 2009, all outstanding bonds in Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (MFHRB) were defeased. As a result, CDA transferred all outstanding mortgage loans and $7,570 in cash and investments in MFHRB to Residential Revenue Bonds.

Community Development Administration
Residential Revenue Bonds

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

June 30, 2009 and 2008

During fiscal year 1997, CDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31. This statement requires the financial statements of CDA to reflect investments at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses and Changes in Net Assets.

For investments (obligations of U.S. Government Agencies) held by the Fund as of June 30, 2009, 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

Reconciliation to the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2009:

Increase in fair value of investments held at June 30, 2009	$ 46
Adjustment due to rebate liability (see Note 11)	27
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, 2009	$ 73

Community Development Administration
Residential Revenue Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE
IN FAIR VALUE OF INVESTMENTS - CONTINUED
(in thousands)
(unaudited)

June 30, 2009 and 2008

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

Increase in fair value of investments held at June 30, 2008	$	785
Adjustment due to rebate liability (see Note 11)		(47)
Increase in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2008	$	738