

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Offered Bonds is excluded from gross income for federal income tax purposes, except during the period when the Offered Bonds are held by a “substantial user” of the facilities financed by the Offered Bonds or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986 (the “Code”). Bond Counsel is further of the opinion that interest on the Offered Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on certain corporations. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations. In addition, in the opinion of Bond Counsel, under existing statutes, the Offered Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes. See “TAX MATTERS” herein.

\$14,765,000

**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT
Housing Revenue Bonds
Series 2024 A (Non-AMT) (Sustainability Bonds)**



- Dated Date / Date of Delivery:** March 21, 2024.
- Due:** As shown on the inside cover hereof.
- Offered Bonds:** The Housing Revenue Bonds, Series 2024 A (the “Offered Bonds”).
- Sustainability Bonds Designation:** The Community Development Administration (the “Administration”) has designated the Offered Bonds as “Sustainability Bonds.” See “INTRODUCTION – Use of Proceeds of Offered Bonds.”
- Purpose:** Proceeds of the Offered Bonds will be applied to finance a loan for a multifamily residential rental facility and to make a deposit to the Debt Service Reserve Fund, as described under the captions “INTRODUCTION” and “SECURITY FOR THE BONDS” herein.
- Interest Payment Dates:** Semiannually on January 1 and July 1 of each year, commencing July 1, 2024.
- Interest Rates:** As shown on the inside cover hereof.
- Redemption:** The Offered Bonds are subject to redemption prior to maturity at the times, under the conditions and at the prices set forth under the caption “THE OFFERED BONDS — Redemption Provisions” herein.
- Denominations:** \$5,000, or any integral multiple thereof.
- Book Entry Only System:** The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Offered Bonds. See “THE OFFERED BONDS — DTC and Book-Entry” and APPENDIX K — “BOOK-ENTRY SYSTEM” herein.
- Security:** The Offered Bonds are special obligations of the Administration, a unit of the Division of Development Finance of the Department of Housing and Community Development (the “Department”), a principal department of the State of Maryland (the “State”), payable solely from the Revenues and property of the Administration pledged therefor under the Bond Resolution.
- The Administration has no taxing power. The Offered 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.**
- Trustee:** Manufacturers and Traders Trust Company.
- Bond Counsel:** Kutak Rock LLP, Washington, D.C.
- Underwriters’ Counsel:** Hawkins Delafield & Wood LLP, New York, New York.

BofA Securities

J.P. Morgan

Morgan Stanley

RBC Capital Markets

Loop Capital Markets

Wells Fargo Securities

MATURITY SCHEDULE

\$14,765,000 Series 2024 A (Non-AMT) (Sustainability Bonds)

\$790,000 Series 2024 A Serial Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base CUSIP: 57419U)†</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base CUSIP: 57419U)†</u>
January 1, 2027	\$35,000	3.200%	AB4	January 1, 2032	\$40,000	3.625%	AM0
July 1, 2027	35,000	3.250	AC2	July 1, 2032	40,000	3.650	AN8
January 1, 2028	35,000	3.300	AD0	January 1, 2033	40,000	3.700	AP3
July 1, 2028	35,000	3.300	AE8	July 1, 2033	40,000	3.700	AQ1
January 1, 2029	35,000	3.350	AF5	January 1, 2034	45,000	3.700	AR9
July 1, 2029	35,000	3.400	AG3	July 1, 2034	45,000	3.700	AS7
January 1, 2030	35,000	3.450	AH1	January 1, 2035	45,000	3.800	AT5
July 1, 2030	35,000	3.500	AJ7	July 1, 2035	45,000	3.800	AU2
January 1, 2031	40,000	3.550	AK4	January 1, 2036	45,000	3.875	AV0
July 1, 2031	40,000	3.600	AL2	July 1, 2036	45,000	3.875	AW8

\$13,975,000 Series 2024 A Term Bonds

<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>CUSIP (Base CUSIP: 57419U)†</u>
May 1, 2026	\$7,850,000	3.150%	AA6
July 1, 2039	295,000	3.950	AX6
July 1, 2044	590,000	4.400	AY4
July 1, 2049	740,000	4.600	AZ1
July 1, 2054	925,000	4.650	BA5
July 1, 2059	1,170,000	4.750	BB3
July 1, 2066	2,405,000	4.850	BC1

Price of all Offered Bonds: 100%

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No dealer, broker, salesman or other person has been authorized by the Administration to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale prior to the registration or qualification under the securities laws of such jurisdiction. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Offered Bonds 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.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Administration and the purchasers or owners of any of the Offered Bonds. All statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, inside front cover, and the appendices attached hereto are part of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE OFFERED BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

No registration statement relating to the Offered Bonds has been filed with the Securities and Exchange Commission (the "Commission") or with any state securities agency. The Offered Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

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OFFICIAL STATEMENT

of the
Community Development Administration
Maryland Department of Housing and Community Development

relating to

\$14,765,000
Housing Revenue Bonds
Series 2024 A (Non-AMT) (Sustainability Bonds)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page and appendices hereto, is to set forth information in connection with the sale by the Community Development Administration (the “Administration”), a unit of the Division of Development Finance of the Department of Housing and Community Development (the “Department”), a principal department of the State of Maryland (the “State”), of its Housing Revenue Bonds, Series 2024 A (the “Offered Bonds”).

Authorization

The Administration is authorized to issue the Offered 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 Resolution Providing for the Issuance of Housing Revenue Bonds adopted by the Administration as of November 1, 1996, and amended and restated as of July 1, 2006 (the “Bond Resolution”). The Offered Bonds are issued pursuant to the Bond Resolution, as supplemented by a Series Resolution Providing for the Issuance and Sale of Housing Revenue Bonds, Series 2024 A, to be adopted by the Administration as of March 1, 2024 (the “2024 A Series Resolution”). The Bond Resolution, as supplemented and amended, and the 2024 A Series Resolution are collectively referred to herein as the “Resolutions.” Manufacturers and Traders Trust Company (successor by merger to Allfirst Bank), a New York banking corporation with trust powers and having a corporate trust office in Baltimore, Maryland, is the trustee (the “Trustee”) under the Resolutions. The Trustee has not participated in the preparation of this Official Statement.

Prior Bond Issues under the Bond Resolution and Additional Bonds

The Offered Bonds are the seventy-ninth issue of Housing Revenue Bonds issued by the Administration pursuant to the Bond Resolution. As of October 1, 2023, the Bond Resolution had Outstanding Bonds (as defined below) having a principal amount of \$507,176,489. See APPENDIX E — “OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION” hereto. On December 14, 2023, the Administration issued its Housing Revenue Bonds, Series 2023 E in the aggregate principal amount of \$14,605,000. As of September 30, 2023, the Administration had outstanding under the Bond Resolution 86 mortgage loans for 71 multifamily residential rental facilities containing approximately 6,953 units, in addition to shared living and related facilities for special needs populations which are owned and sponsored by nonprofit organizations (“Group Homes”).

The Bond Resolution provides for the issuance of additional Bonds that will be on a parity with the Offered Bonds and will be equally and ratably secured under the Bond Resolution. Additionally, the Bond Resolution permits the issuance of (a) Subordinate Contract Obligations, including Subordinate Bonds, issued on a subordinated basis to Bonds that are equally and ratably secured under the Bond Resolution and (b) Subordinate Contract Obligations issued on a non-parity, stand-alone basis to which certain funds and accounts are exclusively pledged (the “Stand Alone Bonds”). No Subordinate Bonds are currently Outstanding under the Bond Resolution. On April 13, 2017 and May 10, 2017, the Administration issued its Housing Revenue Bonds, Series 2017 A and Series 2017 B, which were issued on a stand-alone, non-parity basis, were designated as Subordinate Contract Obligations, and constitute Stand Alone Bonds. See APPENDIX E – “OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION” hereto. The prior Series of Housing Revenue Bonds and the Offered Bonds, together with any additional Bonds issued under the Bond Resolution as described above (including any Bonds that are Subordinate Contract Obligations), are referred to collectively as the “Bonds.”

Use of Proceeds of Offered Bonds

The Bond Resolution authorizes the Administration to issue Bonds to provide funds to finance or refinance loans (including, without limitation, participations therein), to refund Bonds or any other bonds, notes or other obligations, whether or not the Administration is the issuer thereof, to pay any Development cost (including, without limitation, capitalized interest and Bond issuance costs), to fund reserves, or to achieve any other of the Administration’s purposes. Loans financed under the Bond Resolution, including, without limitation, participations in loans and the loans described under the heading “THE OFFERED BONDS” below and in APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS” to this Official Statement, are referred to at various times as either the “Loans” or the “Loan” as appropriate. The Loans finance various types of housing developments, including, without limitation, multifamily residential rental facilities and Group Homes (collectively, the “Developments”) within the State which promote sound community development and provide housing for occupancy, in substantial part, by persons or families of limited income. The Loans must also meet the requirements set forth in the Resolutions as more fully described in APPENDIX C-1 under “THE PROGRAM — Loan Provisions.” No Loans financed with proceeds of or attributable to Bonds issued prior to the Offered Bonds are in default.

For a description of the unexpended proceeds of prior Series of Bonds on deposit in the Bond Proceeds Fund, see the first and second paragraphs and associated table under “SECURITY FOR THE BONDS — Investment of Funds.”

The Offered Bonds. The Resolutions authorize the issuance of the Offered Bonds to provide the funds being used to make the Series 2024 A Loan (as hereinafter defined) and to make a deposit to the Debt Service Reserve Fund as described in “INTRODUCTION — Security and Sources of Payment — Debt Service Reserve Fund” and “SECURITY FOR THE BONDS – Debt Service Reserve Fund.”

The Series 2024 A Loan. The Administration expects to apply a portion of the proceeds of the Offered Bonds to make a Loan in the maximum aggregate principal amount of \$14,540,000 (the “Series 2024 A Loan”) to JFK Apartments, LP, a Maryland limited partnership (the “Series 2024 A Borrower”), to finance in part that certain Development known as JFK Apartments (the “Series 2024 A Development”). The Series 2024 A Loan will be bifurcated into a short-term maximum aggregate principal amount of \$7,850,000 and a long-term maximum aggregate principal amount of \$6,690,000 and will bear interest at the rates and is scheduled to be repaid on the dates set forth in Table D-1-1 of APPENDIX D hereto. The Series 2024 A Loan is expected to have Credit Enhancement under the FHA Risk-Sharing Program. See “SECURITY FOR THE BONDS — Credit Enhancement of the Series 2024 A Loan” below and APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE FHA INSURANCE PROGRAM — FHA Risk-Sharing Program.”

Additional information regarding the Series 2024 A Loan and the Series 2024 A Development is set forth in APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS – The Series 2024 A Development and the Series 2024 A Loan.”

Additional Loans. The Administration may apply a portion of the Offered Bonds to fund one or more additional Loans either currently undergoing processing and underwriting by the Administration, or for which underwriting and processing by the Administration are complete (the “Additional Loans”), in order to finance the acquisition and construction or rehabilitation of one or more additional Developments.

Sustainability Bonds Designation. The Offered Bonds are the twelfth Series of Bonds to be designated by the Administration as “Sustainability Bonds.” The Administration is issuing the Offered Bonds as Sustainability Bonds based on the intended use of proceeds of the Offered Bonds to finance a Loan that is expected to provide affordable housing incorporating energy efficiency standards and features. The Administration believes the intended use of the proceeds of the Offered Bonds and the manner of expenditure of such funds are consistent with the four core components described by the International Capital Market Association (“ICMA”) in its publications, *Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds*, *Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds* and *Sustainability Bond Guidelines*.

By reference to the ICMA’s *Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals*, which links the ICMA green bond principles to the framework provided by the United Nations 17 Sustainable Development Goals (“UNSDGs”), the Administration believes that the Administration’s Sustainability Bonds designation reflects the use of the proceeds of the Offered Bonds in a manner that is consistent with certain of the UNSDGs. According to the United Nations, the UNSDGs were adopted by the United Nations General Assembly in September 2015 as part of its 2030 Agenda for Sustainable Development. The term “Sustainability Bonds” is neither defined in nor related to provisions in the Resolutions. The use of such term herein is for identification purposes only and is not intended to provide or imply that an owner of Sustainability Bonds is entitled to any additional security beyond that provided therefor in the Resolutions. Holders of Sustainability Bonds do not assume any specific risk with respect to any of the funded Developments by reason of the Offered Bonds being designated as Sustainability Bonds, and such Offered Bonds are secured on parity with all other Bonds issued and to be issued under the Bond Resolution. See APPENDIX B – “THE DEPARTMENT AND THE ADMINISTRATION – Green Standards” for a description of the Administration’s green standards. See APPENDIX C-2 – “SUSTAINABILITY BONDS DESIGNATION” for a further description of the Administration’s Sustainability Bonds Designation, reference to certain UNSDGs and the form of the Administration’s Sustainability Bonds Annual Reporting. See APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS – The Series 2024 A Development and the Series 2024 A Loan” for a description of the Loan to be financed with the proceeds of the Offered Bonds.

Security and Sources of Payment

Security for the Bonds. The Bonds are secured by a pledge of and lien on: (1) proceeds of the sale of Bonds (other than proceeds deposited in trust for the retirement of bonds), (2) the Loans made or purchased from Bond proceeds, (3) revenues from Loans (which includes primarily payments of principal and interest on Loans), (4) Prepayments, Recovery Payments and Acquired Development Receipts, and (5) all moneys, investments and other assets held in Funds and Accounts, established by or pursuant to the Bond Resolution and the earnings thereon, subject, in each case, to any additional rights granted and/or limitations set forth in the series resolution authorizing such Bonds. The Administration may direct the release of amounts from such Funds and Accounts free and clear of such pledge and security interest after satisfying the then current requirements for all Funds and Accounts and certain other conditions as provided in the Resolutions. See “SECURITY FOR THE BONDS — Provisions of the Bond Resolution.”

Parity Bonds. All Bonds (other than Subordinate Bonds and Stand Alone Bonds) are equally and ratably secured in the manner described under “INTRODUCTION — Security and Sources of Payment — Security for the Bonds” above, and accordingly (i) the Series 2024 A Loan secures all Bonds (other than Stand Alone Bonds) as well as the Offered Bonds and (ii) the Offered Bonds are secured by the Loans made or purchased with the proceeds of any Series of Bonds (other than Stand Alone Bonds). The Offered Bonds may be redeemed from Recovery Payments from Loans (including, without limitation, the Series 2024 A Loan) financed with the proceeds of any Series of Bonds (other than Stand Alone Bonds). See “THE OFFERED BONDS — Redemption Provisions” below. In addition, the rating on the Offered Bonds is based upon the performance of the aggregate Loan portfolio and, accordingly, the rating on the Offered Bonds could be downgraded even if principal of and interest on the Series 2024 A Loan are paid when due.

Loans. The Bond Resolution does *not* require that Loans be credit enhanced. Credit Enhancement of the Loans is described in APPENDIX D and APPENDIX F hereto. Credit Enhancement of the Series 2024 A Loan is described below in “SECURITY FOR THE BONDS — Credit Enhancement of the Series 2024 A Loan” and “— Credit Enhancement of Rental Housing Loans — FHA Risk-Sharing Program” and in APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM — Multifamily Loan Programs” and “— MULTIFAMILY INFORMATION,” and “— THE FHA INSURANCE PROGRAM — FHA Risk-Sharing Program.” The Bond Resolution does *not* require that a Loan be secured by a mortgage. If a Loan is secured by a mortgage, the mortgage lien need *not* be a first lien.

Certain Loans currently securing the Bonds are insured by the Maryland Housing Fund (“MHF”), a mortgage insurance fund which is a unit of the Division of Credit Assurance of the Department. See APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM.” For information about MHF’s financial condition, see APPENDIX J-1 — “AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” and APPENDIX J-2 — “UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND.”

Debt Service Reserve Fund. Pursuant to the Bond Resolution, upon the issuance of any Series of Bonds, there must be deposited in the Debt Service Reserve Fund moneys or Cash Equivalents in an amount sufficient to satisfy the Debt Service Reserve Requirement. On the date of issuance of the Offered Bonds, \$225,000, funded from proceeds of the Offered Bonds, will be deposited to the Debt Service Reserve Fund, which will be sufficient to cause the total amount on deposit in the Debt Service Reserve Fund to be at least equal to the Debt Service Reserve Requirement on such date. The Debt Service Reserve Requirement for other Series of Bonds, if any, shall be as set forth in the series resolution authorizing such Series. See “SECURITY FOR THE BONDS — Debt Service Reserve Fund” herein.

Series 2024 A Negative Arbitrage Account. The Series 2024 A Borrower will deliver an irrevocable, standby letter of credit (the “Standby Letter of Credit”) to the Trustee on or about the date of issuance of the Offered Bonds for credit to the Series 2024 A Negative Arbitrage Account (as defined herein), to be drawn upon to the extent amounts on deposit in the Revenue Fund are insufficient to pay interest on the Offered Bonds on any Interest Payment Date prior to commencement of principal amortization of the Series 2024 A Loan. See “SECURITY FOR THE BONDS — Series 2024 A Negative Arbitrage Account” and the footnotes to Table D-1-1 of APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS” for the identity of the issuer of the Standby Letter of Credit and certain other information.

Limited Obligation of Administration

The Bonds are special obligations of the Administration payable solely from the Revenues and property 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. In addition, payment of principal of, and interest and redemption premium, if any, on the Bonds is not guaranteed by the State, the Department, the Administration, Government National Mortgage Association (“GNMA”), the Federal Housing Administration (“FHA”), Fannie Mae or any other party.

Certain Withdrawals from the Bond Resolution

Under the terms of the Bond Resolution, the Administration may withdraw moneys free and clear of the pledge and lien of the Bond Resolution at any time subject to certain limitations. See “SECURITY FOR THE BONDS — Cash Flow Statements and Certificates” and “– Certain Withdrawals from the Bond Resolution” and APPENDIX B – “THE DEPARTMENT AND THE ADMINISTRATION – Business Lending Program” regarding an expected withdrawal from the Bond Resolution in an amount not to exceed \$5,000,000.

Business Disruption Risk

Certain adverse external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Administration’s ability to administer its programs. See APPENDIX B – “THE DEPARTMENT AND THE ADMINISTRATION – Business Disruption Risk” herein for certain information regarding the Administration’s business continuity plan.

Additional Information

Certain capitalized terms used herein are defined in APPENDIX A-1 — “DEFINITIONS FROM THE RESOLUTIONS” and APPENDIX A-2 — “DEFINITIONS FROM FANNIE MAE SERIES RESOLUTIONS.” Capitalized terms not otherwise defined herein are used as defined in the Resolutions.

Brief descriptions of the Offered Bonds and the security for the Offered Bonds are included in this Official Statement. Descriptions of the Department, the Administration, the Administration’s program of financing Loans under the Bond Resolution (the “Program”), the Administration’s green standards, the Loans and the Developments can be found in APPENDICES B, C-1, C-2 and D, respectively. APPENDIX E contains a description of the outstanding indebtedness of the Administration and a schedule of letters of credit that enhance certain series of Bonds. APPENDIX F summarizes certain mortgage insurance and guaranty programs of FHA, GNMA, Fannie Mae and MHF, while APPENDIX G summarizes certain federal housing subsidy programs. Certain provisions of the Bond Resolution are summarized in APPENDIX H. The financial statements of the Administration’s Housing Revenue Bonds and MHF are included in APPENDICES I-1, I-2, J-1 and J-2. A description of the book-entry system of the Depository Trust Company (“DTC”) is provided in APPENDIX K. The proposed form of the opinion of Bond Counsel is included as APPENDIX L.

This Introduction is only a brief description of the matters described herein. Prospective purchasers of the Offered Bonds should read this entire Official Statement, including the appendices hereto, in order to make an informed investment decision. **The appendices to and footnotes in this Official Statement**

constitute a part of this Official Statement and contain information that any potential investor should read in conjunction with the other parts of this Official Statement in order to make an informed investment decision. This Official Statement speaks only as of its date and the information contained herein is subject to change.

All references herein to the Resolutions and other documents and agreements are qualified in their entirety by reference to such Resolutions, documents and agreements, and references herein to the Offered Bonds are qualified in their entirety by reference to the forms thereof, copies of which are available for inspection at the offices of the Administration located at 7800 Harkins Road, Lanham, Maryland 20706. Inquiries for documents or concerning this Official Statement should be directed to Investor Relations at (301) 429-7897 or CDAbonds_mailbox.dhcd@maryland.gov.

THE OFFERED BONDS

General Description

The Offered Bonds will be dated and will accrue interest from their date of delivery (the “Delivery Date”). The Offered Bonds will be delivered only as fully-registered bonds in book-entry form in denominations of \$5,000 or any integral multiple thereof. The Offered Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for DTC, which will act as securities depository for the Offered Bonds. The Offered Bonds will mature in the years and amounts set forth on the inside cover page of this Official Statement and will bear interest from the Delivery Date, payable semiannually on January 1 and July 1 of each year, commencing July 1, 2024, and at maturity or earlier redemption. If any such dates are not Business Days, then payments will be made on the next Business Day. Interest will be paid to the owner of record of the Offered Bonds as of the date that occurs fifteen Business Days prior to the date on which interest is paid. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Application of Offered Bond Proceeds

The proceeds of the sale of the Offered Bonds will be applied to finance the Series 2024 A Loan and to fund a deposit to the Debt Service Reserve Fund. See “INTRODUCTION — Use of Proceeds of Offered Bonds.” Costs of issuance will be paid from funds provided by the Series 2024 A Borrower and from other funds of the Administration.

Redemption Provisions

Optional Redemption. The Offered Bonds maturing on and after January 1, 2033 are subject to redemption, at the option of the Administration, in whole or in part, from any source of funds, at any time on and after July 1, 2032, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon, if any, to the redemption date.

Notwithstanding the foregoing, the redemption of the Offered Bonds at the option of the Administration from Recovery Payments on the Series 2024 A Loan shall be subject to the conditions set forth in the promissory note from the Series 2024 A Borrower to the Administration evidencing the Series 2024 A Loan.

Special Optional Redemption. All Offered Bonds are subject to special redemption without premium at the principal amount thereof, plus accrued interest thereon, if any, to the redemption date, at the option of the Administration, in whole or in part, at any time, from:

(1) Recovery Payments relating to Loans financed by any Series of Bonds other than a series of Stand Alone Bonds (including, without limitation, repayments of the Series 2024 A Loan), including, but not limited to, Prepayments, condemnation proceeds, mortgage insurance payments, hazard insurance proceeds, foreclosure proceeds, prepayments of Guaranteed Securities resulting from HUD's override of prepayment restrictions in a mortgage insured by FHA in accordance with HUD's policies and procedures, payments accepted by the Administration in order to refinance Developments which are in default or would have been in default but for the forbearance of the Administration, and any payments drawn from under any Credit Enhancement as a result of any of the events described above;

(2) amounts on deposit in the Revenue Fund in excess of accrued Debt Service on all Outstanding Bonds and any account funding requirements as of the date of transfer;

(3) amounts resulting from any reduction of the amount on deposit in the Debt Service Reserve Fund; and

(4) proceeds of the Offered Bonds not used to finance Loans.

Certain of the Loans are Transferred Loans. The Transferred Loans were initially financed with proceeds of bonds issued under earlier resolutions of the Administration and subsequently were acquired with a portion of the proceeds of the Administration's Series 2018 A Bonds. Such Transferred Loans are subject to prepayment at any time without penalty or premium. In addition, Group Home Loans financed with a portion of the proceeds of the Administration's Series 2018 A Bonds are subject to prepayment at any time without penalty or premium. Any such amounts received from the Borrowers of Transferred Loans or Group Home Loans will constitute Prepayments, which may be applied to redeem Bonds that are subject to redemption from such source, including the Offered Bonds. See "SECURITY FOR THE BONDS – Group Home Loans," and APPENDIX D — "DESCRIPTION OF LOANS AND DEVELOPMENTS."

The Administration may receive an insurance claim payment or a Prepayment in connection with the restructuring of a Loan for a Development receiving Section 8 assistance. Such amounts will constitute Recovery Payments, which may be applied to redeem Bonds that are subject to redemption from such source, including the Offered Bonds. See additional information relating to recent developments affecting the Section 8 program under the heading "Section 8 Program" in APPENDIX G.

For detailed information regarding all of the Loans, including the Transferred Loans, the Group Home Loans and Loans for Developments receiving Section 8 assistance, see APPENDIX D — "DESCRIPTION OF LOANS AND DEVELOPMENTS."

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. No assurance can be given that a particular Offered Bond will not be redeemed prior to its maturity in accordance with its terms.

Sinking Fund Redemption. The Offered Bonds maturing on July 1, 2039, are subject to mandatory redemption in part by lot on January 1, 2037, and on each July 1 and January 1 thereafter to and including July 1, 2039, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2037	\$45,000	July 1, 2038	\$50,000
July 1, 2037	50,000	January 1, 2039	50,000
January 1, 2038	50,000	July 1, 2039 [†]	50,000

[†]Final Maturity

The Offered Bonds maturing on July 1, 2044, are subject to mandatory redemption in part by lot on January 1, 2040, and on each July 1 and January 1 thereafter to and including July 1, 2044, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2040	\$55,000	July 1, 2042	\$60,000
July 1, 2040	55,000	January 1, 2043	60,000
January 1, 2041	55,000	July 1, 2043	60,000
July 1, 2041	55,000	January 1, 2044	65,000
January 1, 2042	60,000	July 1, 2044 [†]	65,000

[†]Final Maturity

The Offered Bonds maturing on July 1, 2049, are subject to mandatory redemption in part by lot on January 1, 2045, and on each July 1 and January 1 thereafter to and including July 1, 2049, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2045	\$65,000	July 1, 2047	\$75,000
July 1, 2045	70,000	January 1, 2048	75,000
January 1, 2046	70,000	July 1, 2048	80,000
July 1, 2046	70,000	January 1, 2049	80,000
January 1, 2047	75,000	July 1, 2049 [†]	80,000

[†]Final Maturity

The Offered Bonds maturing on July 1, 2054, are subject to mandatory redemption in part by lot on January 1, 2050, and on each July 1 and January 1 thereafter to and including July 1, 2054, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2050	\$85,000	July 1, 2052	\$ 95,000
July 1, 2050	85,000	January 1, 2053	95,000
January 1, 2051	85,000	July 1, 2053	95,000
July 1, 2051	90,000	January 1, 2054	100,000
January 1, 2052	90,000	July 1, 2054 [†]	105,000

[†]Final Maturity

The Offered Bonds maturing on July 1, 2059, are subject to mandatory redemption in part by lot on January 1, 2055, and on each July 1 and January 1 thereafter to and including July 1, 2059, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2055	\$105,000	July 1, 2057	\$120,000
July 1, 2055	105,000	January 1, 2058	120,000
January 1, 2056	110,000	July 1, 2058	125,000
July 1, 2056	115,000	January 1, 2059	125,000
January 1, 2057	115,000	July 1, 2059 [†]	130,000

[†]Final Maturity

The Offered Bonds maturing on July 1, 2066, are subject to mandatory redemption in part by lot on January 1, 2060, and on each July 1 and January 1 thereafter to and including July 1, 2066, at the principal amount thereof, plus accrued interest thereon, if any, to the date of such redemption, on the dates and in the principal amounts as follows:

<u>Date</u>	<u>Principal Amount</u>	<u>Date</u>	<u>Principal Amount</u>
January 1, 2060	\$130,000	July 1, 2063	\$155,000
July 1, 2060	135,000	January 1, 2064	160,000
January 1, 2061	140,000	July 1, 2064	165,000
July 1, 2061	145,000	January 1, 2065	170,000
January 1, 2062	145,000	July 1, 2065	175,000
July 1, 2062	150,000	January 1, 2066	175,000
January 1, 2063	155,000	July 1, 2066 [†]	405,000

[†]Final Maturity

Reduction of Sinking Fund Installments. If Offered Bonds that are subject to sinking fund redemption are purchased by the Administration or redeemed (except pursuant to a Sinking Fund Installment), the Administration shall determine which Sinking Fund Installments for such Offered Bonds

are to be reduced and the amount of any such reduction, provided that the aggregate of such reductions shall equal the aggregate principal amount of Offered Bonds so purchased or redeemed.

Selection of Bonds to be Purchased or Redeemed

Any Bonds to be purchased or redeemed, except by a Sinking Fund Installment, will be purchased or redeemed only upon receipt by the Trustee of a certificate signed by an Authorized Officer which sets forth the following:

- (1) the Series of Bonds to be purchased or redeemed;
- (2) the maturities within such Series from which Bonds are to be purchased or redeemed;
- (3) the principal amount and maximum price of Bonds within such maturities to be purchased or redeemed; and
- (4) if any of the Bonds to be purchased or redeemed are Term Bonds, the years in which the applicable Sinking Fund Installments are to be reduced.

If fewer than all of the Bonds of a Series having the same maturity are called for redemption, the particular Bonds or portions of Bonds to be redeemed are to be selected by the Trustee by lot or in such random manner of selection as the Trustee shall determine. All Bonds called for redemption will cease to accrue interest on the specified redemption date and shall no longer be considered Outstanding under the Bond Resolution, provided that funds sufficient for the redemption of those Bonds are deposited with the Trustee. Upon presentation and surrender of Bonds called for redemption at the place or places of payment, together with a written instrument of transfer duly executed by the owner thereof or by the owner's attorney duly authorized in writing, such Bonds are to be paid and redeemed.

Purchase of Bonds

The Administration may purchase or cause to be purchased any Bonds of any particular Series or maturity in lieu of redemption of such Bonds or for any other purpose pursuant to written instructions given by the Administration to the Trustee, provided that, if the purchase price of any Bonds exceeds the then applicable Redemption Price and accrued interest to the date of purchase, such written instructions shall be accompanied by a Cash Flow Certificate which takes into account any redemption or cancellation of Bonds so purchased. Such purchases shall be made in such manner as directed by the Administration. The Administration may from time to time in its discretion invite tenders for sale of Bonds to the Administration or a person designated by the Administration, either by public offer or private invitation, at such prices or bidding procedures as may be determined by the Administration. Such tender invitations may be made in lieu of redemption of Bonds or for any other purpose.

Notice of Redemption

Notice of redemption of the Offered Bonds is to be given not less than 30 days before the date fixed for redemption, as provided in the 2024 A Series Resolution. Failure to give any such notice, however, will not affect the validity of any proceedings for redemption of other Bonds of such Series.

DTC and Book-Entry

The Offered Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee for DTC. Beneficial ownership interests in the Offered Bonds will only be available in book-

entry form. Purchasers of beneficial ownership interests in the Offered Bonds will not receive certificates representing their interests in the Offered Bonds purchased, except in the event that use of the book-entry system for the Bonds is discontinued. See APPENDIX K — “BOOK-ENTRY SYSTEM.”

Principal of, premium, if any, and interest on the Offered Bonds are payable so long as the Offered Bonds are in book-entry form through a securities depository as described in APPENDIX K.

SECURITY FOR THE BONDS

Provisions of the Bond Resolution

Pursuant to the Bond Resolution, the security for the Bonds (including the Offered 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) Loans made, purchased or otherwise financed from such proceeds;
- (3) Revenues (primarily payments of principal and interest on Loans);
- (4) Recovery Payments (which include Prepayments) and Acquired Development Receipts;
- (5) 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 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
- (6) 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.

Such 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 Resolutions, (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 Bonds and the Parties (provided, however, any funds, assets or other property pledged to or for the benefit of the Credit Enhancer, Credit Facility Provider or Qualified Hedge Provider shall be available to the Credit Enhancer, Credit Facility Provider or Qualified Hedge Provider only after it has made payment under the Credit Enhancement, Credit Facility or Qualified Hedge, 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 Bonds or to limit such pledge, all as provided in the series resolution executed in connection with the issuance of such Series of Bonds. 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 (other than Subordinate Bonds and Stand Alone 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 therein. 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; Subordinate Bonds.”

The Bonds are special obligations of the Administration payable solely from the Revenues and property 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.

Credit Enhancement of the Series 2024 A Loan

The Series 2024 A Loan is expected to have Credit Enhancement under the FHA Risk-Sharing Program. See “Credit Enhancement of Rental Housing Loans — FHA Risk-Sharing Program” below and APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE FHA INSURANCE PROGRAM — FHA Risk-Sharing Program.”

Series 2024 A Negative Arbitrage Account

The Series 2024 A Borrower will deliver the Standby Letter of Credit to the Trustee on or about the date of issuance of the Offered Bonds for credit to the Series 2024 A Negative Arbitrage Account (as defined below), to be drawn upon to the extent amounts on deposit in the Revenue Fund are insufficient to pay interest on the Offered Bonds on any Interest Payment Date prior to the commencement of principal amortization of the Series 2024 A Loan. See Table D-1-1 of APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS” for the identity of the issuer of the Standby Letter of Credit and certain other information. The Standby Letter of Credit delivered to the Trustee by the Series 2024 A Borrower will be credited to the Series 2024 A Negative Arbitrage Account established under the Revenue Fund (the “Series 2024 A Negative Arbitrage Account”) pursuant to the 2024 A Series Resolution.

Pursuant to the 2024 A Series Resolution, the Trustee may draw amounts under the Standby Letter of Credit from time to time, as directed by the Administration, in accordance with the terms thereof for deposit to the Series 2024 A Negative Arbitrage Account and application to the purposes stated below. The Trustee shall not sell, transfer, release or otherwise dispose of, as applicable, the Standby Letter of Credit unless (i) the Series 2024 A Borrower has delivered to the Trustee a substitute letter of credit prior to such sale, transfer or other disposition, (ii) such sale, transfer, release or other disposition is directed by the Administration and is required for the purpose of providing funds for the defeasance or redemption, at par, of the allocable Offered Bonds Outstanding under the 2024 A Series Resolution, or (iii) notwithstanding anything to the contrary contained in the Resolutions, provided that the Series 2024 A Borrower is not in default on the Series 2024 A Loan, such sale, transfer, release or other disposition of the Standby Letter of Credit is requested in writing by the Series 2024 A Borrower and is directed by the Administration after May 1, 2026 (the “Standby Letter of Credit Release Date”).

To the extent amounts in the Revenue Fund are insufficient to pay interest on Offered Bonds on any Interest Payment Date prior to commencement of principal amortization of the Series 2024 A Loan, prior to any transfer of any amounts on deposit in the Debt Service Reserve Fund as described under “SECURITY FOR THE BONDS — Debt Service Reserve Fund,” the Trustee shall, at the written direction

of the Administration, draw the requisite amount under the Standby Letter of Credit and transfer such amount to the Revenue Fund on the Interest Payment Date (or such earlier date required under the terms of the Standby Letter of Credit) to fund such insufficiency.

Additionally, prior to commencement of principal amortization of the Series 2024 A Loan, if the Series 2024 A Borrower has not caused to be delivered to the Trustee 30 days before the Standby Letter of Credit Expiration Date a substitute letter of credit or taken such other action acceptable to the Rating Agencies, the Trustee shall, no later than the 5th day prior to the Standby Letter of Credit Expiration Date (or if such 5th day is not a Business Day, the Business Day immediately prior to such 5th day), draw on the Standby Letter of Credit for all amounts available thereunder, or such other amount as directed in writing by the Administration, for the payment of interest when due on the Offered Bonds and deposit such amounts to the Series 2024 A Negative Arbitrage Account.

Credit Enhancement of Rental Housing Loans

As of September 30, 2023, the Loans financing rental housing developments (“Rental Housing Loans”) were insured or credit enhanced as follows:

<u>Insurer or Guarantor</u>	<u>Number of Loans</u>	<u>Number of Units</u>	<u>Percentage of Total Units Insured</u>	<u>Outstanding Loan Amount¹</u>	<u>Percent of Outstanding Loan Amount</u>
FNMA	1	123	1.77%	\$ 1,782,561	0.39%
GNMA ²	6	690	9.92	30,458,025	6.60
FHA Risk Sharing Program ³	76	6,020	86.58	427,787,409	92.73
Uninsured ⁴	3	120	1.73	1,268,702	0.28
Totals:⁵	86	6,953	100.00%	\$461,296,698	100.00%

¹ The “Outstanding Loan Amount” represents amortized principal balances and bond proceeds disbursed as of September 30, 2023.

² This category includes the Selborne House development, which was not financed by a Loan or a Series of Bonds but with the proceeds of the Administration’s Multifamily Development Bonds (GNMA Collateralized-Selborne House Project), Series 1996A. The Administration previously redeemed the Selborne House Bonds and transferred the related GNMA to the Series 1996A Revenue Account of the Resolution, which is pledged to the holders of the Bonds.

³ These Loans are insured under the FHA Risk-Sharing Program. Under the program, upon payments of a claim by FHA, the Administration would be responsible for reimbursement to FHA of 25-50% of the claim, depending on the risk-sharing level (Level I reflects a 50/50 share between FHA and the Administration; Level II reflects a 75/25 share between FHA and the Administration, with FHA assuming 75% and the Administration 25% of the potential loss). The Administration expects to receive a payment from MHF in the amount of any payment made to FHA. For more information on the FHA Risk-Sharing Program please refer to Appendix F. For more information on these Developments please refer to Appendix D.

⁴ Hickory Ridge was financed, in part, with an uninsured cash flow Loan and with a senior Loan which is insured under the FHA Risk-Sharing Program. Oak Grove was financed with two Loans and both Loans are uninsured.

⁵ Amounts and percentages may not total exactly due to rounding.

Pursuant to the Bond Resolution, the Administration may, in its discretion, materially modify, amend, alter, cancel or release Credit Enhancement of any Loan, provided the Administration has filed with the Trustee a Cash Flow Certificate taking such modification, amendment, alteration, cancellation or release into account and a certificate of an Authorized Officer to the effect that any such modification, amendment, alteration, cancellation or release will not adversely affect the rating on the Bonds as in effect immediately before the date of such certification.

FHA Risk-Sharing Program. The FHA Risk-Sharing Program is administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992 (the “Risk Sharing Act”) and applicable HUD Regulations found at 24 C.F.R. Part 266. The Risk Sharing Act

authorizes the Secretary of HUD (“HUD Secretary”) to enter into risk-sharing agreements with qualified state or local housing finance agencies (“HFAs”) to enable HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible developments. Under this program, FHA endorses mortgages on qualified multifamily projects for insurance. HUD delegates to the HFA certain loan underwriting, loan management and property disposition functions. Upon default of an insured loan, FHA is required to make an initial payment in the amount of the unpaid principal and interest due to the date of claim. The HFA is required to reimburse HUD an agreed percentage of any loss resulting upon disposition of the property (but in any event within five years, subject to extension in the discretion of HUD).

The Administration has received designation as a Level I participant and a Level II participant in the FHA Risk-Sharing Program. The Administration received an initial allocation of 475 affordable multifamily housing units eligible to be financed by a Loan insured under the FHA Risk-Sharing Program and applied for an additional allocation of multifamily units in an amount sufficient to insure Loans under the FHA Risk-Sharing Program the proceeds of which will finance such additional units. As a Level I participant, the Administration assumes 50% or more of the liability for any losses incurred by HUD upon payment under its insurance following disposition of the property, the exact percentage being determined separately with respect to each project. As a Level II participant, the Administration assumes (i) 25% of the liability for such losses with respect to projects having a loan to value or loan to replacement cost ratio greater than or equal to 75%, or (ii) 10% of such liability with respect to projects having a loan to value or loan to replacement cost ratio less than 75%.

The Administration currently is an active participant in the FHA Risk-Sharing Program for new Loans financed by Bonds. Pursuant to a firm approval letter issued by MHF to the Administration in connection with each Loan, MHF is expected to reimburse the Administration for the Administration’s share of any loss incurred under the FHA Risk-Sharing Program.

GNMA Guaranteed Securities. Many of the Loans have Credit Enhancement under the “GNMA Guaranty Program.” GNMA is a wholly-owned corporate instrumentality of the United States within HUD with its principal office in Washington, D.C. A Guaranteed Security is a “fully modified pass through” mortgage-backed security which requires monthly payments by an FHA-approved lender, as the issuer of the Guaranteed Security (the “Lender”), to the registered holder of the Guaranteed Security of principal of and interest on such Guaranteed Security when due, whether or not the Lender receives payments on the mortgage note underlying such Guaranteed Security, plus any prepayments of principal of the mortgage note received by the Lender. GNMA guarantees timely payment of principal of and interest on Guaranteed Securities. Section 306(g) of Title III of the National Housing Act provides that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” When the Administration makes a Loan that has Credit Enhancement under the GNMA Guaranty Program, it uses the proceeds of Bonds to purchase Guaranteed Securities from a Lender. The Guaranteed Securities secure the Bonds and the Lender makes a FHA Loan (as defined below) to a Borrower for the eligible costs of the Rental Housing Development. See “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS – THE GNMA GUARANTY PROGRAM” in APPENDIX F.

FHA Mortgage Insurance. Loans may be insured under multifamily mortgage insurance programs administered by HUD, acting through FHA, as established pursuant to Sections 221(d)(3), 221(d)(4) and 223(f) of Title II of the National Housing Act and the regulations thereunder (“FHA Loans”). The Administration, as an FHA-approved mortgagee, is eligible to issue FHA Loans. Some of the Transferred Loans acquired with the proceeds of the Series 1996 A Bonds were insured by FHA pursuant to Section 221(d)(3) or Section 221(d)(4). Currently, none of the outstanding Loans are FHA Loans. An FHA Loan mortgagee is entitled to receive the benefits of the mortgage insurance after the mortgagor has defaulted

and such default (as defined in the FHA regulations) has continued for a period of thirty (30) days subject to certain requirements. FHA insurance benefits received in the event of any claim under the FHA insurance contract will be subject to certain deductions. In particular, the Administration would be entitled to settlement of an FHA insurance claim in an amount equal to 99% of the amount of the principal balance of the defaulted FHA Loan outstanding as of the date of default, after adjustment for certain expenses and for deposits or assets held by the Administration for the benefit of the related Development and not assigned to FHA. Since interest is paid one month in arrears in FHA Loans, the mortgagee will not, in the event of a claim for insurance benefits, be reimbursed for interest that accrued in the month preceding the date of default and that was due and payable on such date. In addition, processing claims for FHA insurance benefits involves certain time delays. Deductions in addition to those described above, processing delays and the procedures, all of which must be followed in filing and perfecting a claim for FHA insurance benefits, are described in APPENDIX F under the caption “THE FHA INSURANCE PROGRAM.”

MHF Multifamily Mortgage Insurance. Certain of the Loans are insured by MHF, a unit of the Division of Credit Assurance of the Department, pursuant to State law (the “MHF Loans”). For more information relating to the financial condition of MHF, see APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM” and APPENDIX J-1 — “AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” and APPENDIX J-2 “UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND.”

The Administration, as an MHF-approved mortgagee for the MHF Loans, is eligible to receive MHF insurance benefits in the event of a default under the MHF Loans. The standard coverage for public agency mortgagees, such as the Administration, is up to 100% of the loan amount. When a public agency of the State is mortgagee, it may upon default and with MHF’s consent assign the mortgage and its rights thereunder to MHF, which shall pay the appropriate claim amount upon recordation of the assignment and upon the assignment to MHF of all claims of the mortgagee against the mortgagor. After the mortgagor has been in default for six months, either MHF or the mortgagee, without the other’s consent, may require the assignment of the mortgage to MHF. In certain cases, however, it has been the practice of MHF to defer payment of claims to the Administration pending resolution of defaults. MHF, upon such assignment, has all rights of the mortgagee to pursue the mortgagor for any deficiency, loss, or periodic payments. In those instances where the mortgagee is a public agency, if the mortgage is not assigned to MHF upon the default, MHF is obligated to make such periodic payments as are due under the terms of the insured mortgage with the exception of late charges and mortgage insurance premiums. Such periodic payments continue until the default is cured or the loan is foreclosed upon or assigned to MHF. See APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM” and “— MULTIFAMILY INFORMATION — Certain Additional Expected Multifamily Claims.”

The financial statements of MHF are contained in APPENDIX J-1 — “AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” and APPENDIX J-2 — “UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND.” The financial statements of MHF are reported on a consolidated basis combining results of operations for MHF’s Multifamily, Single Family, Revitalization and Home and Energy Mortgage Insurance Programs. An insurance claim under MHF’s Multifamily Program is payable only from the Multifamily Reserve, MHF operating funds and the Unallocated Reserve, and not from any other funds, assets or reserves of MHF as may be identified in the financial statements

Legislation enacted during the 2008 legislative session, effective fiscal year 2010, requires the transfer to the Department’s revolving housing loan funds of any amount in the Unallocated Reserve at the end of any fiscal year that exceeds \$10,000,000. For the fiscal year ending on June 30, 2017, MHF transferred \$943,319 from the Unallocated Reserve to the Department’s revolving housing loan funds. For the fiscal years ending on June 30, 2018, June 30, 2019, June 30, 2020, June 30, 2021, and June 30, 2022,

no transfer from the Unallocated Reserve to the Department’s revolving housing loan funds was required. For more information about the MHF Reserves, see APPENDIX F — “MORTGAGE INSURANCE AND GUARANTY PROGRAMS — THE MHF INSURANCE PROGRAM — MANAGEMENT’S PRESENTATION OF THE MHF PROGRAM — Income and Reserves.”

Fannie Mae Stand-by Guaranty Program. A description of this program is provided in “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE FANNIE MAE STAND-BY GUARANTY PROGRAM” in APPENDIX F hereto.

See APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS” for a description of the Credit Enhancement applicable to each Loan. See APPENDIX F for additional information concerning mortgage insurance and credit enhancement. **MHF, FHA, GNMA, Fannie Mae and other Credit Enhancers do not insure or guarantee the Bonds. The obligations of MHF, FHA, GNMA, Fannie Mae and other Credit Enhancers are limited to the payment of mortgage insurance claims, credit enhancement or guaranties as described herein. Otherwise, the assets of MHF, FHA, GNMA, Fannie Mae or other Credit Enhancers are not available to the Administration or the Trustee to satisfy obligations to the holders of the Bonds.**

Housing Subsidy Payments for Rental Housing Developments

As of September 30, 2023, the multifamily rental housing developments financed by Rental Housing Loans (“Rental Housing Developments”) received federal housing subsidy payments under the USDA Rental Assistance, Section 8, Section 236 and Section 811 programs as follows:

<u>Housing Subsidy Program</u>	<u>Number of Rental Housing Developments</u>	<u>Number of Units</u>	<u>Number of Subsidized Units</u>	<u>Percentage of Subsidized Units</u>	<u>Outstanding Loan Amount</u>	<u>Percentage of Outstanding Loan Amount</u>
None	38	3,423	0	0.00%	\$257,909,694	55.90%
Section 8 ¹	19	2,475	1,735	70.02	160,057,367	34.70
Section 236	1	123	123	4.96	1,782,561	0.39
USDA	10	726	534	21.55	28,702,026	6.22
Section 811	2	137	19	0.77	9,359,234	2.03
Section 8, USDA	1	69	67	2.70	3,485,815	0.76
Totals:²	71	6,953	2,478	100.00%	\$461,296,698	100.00%

¹ In general, the subsidies for these Developments have terms that will expire prior to the maturity date of the corresponding Loan; however, the terms are generally renewable under the terms of the applicable assistance documents subject to federal appropriations. In addition, several developments have Section 8 contracts covering less than 100% of the units. See “SECURITY FOR THE BONDS – Housing Subsidy Payments for Rental Housing Developments – Section 8 Program,” Table D-2 of APPENDIX D – “DESCRIPTION OF LOANS AND DEVELOPMENTS” and APPENDIX G – “FEDERAL HOUSING SUBSIDY PROGRAMS – Section 8 Program.”

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

Section 8 Program. Under the Section 8 project-based housing assistance payments program, assisted units receive subsidy payments under a Housing Assistance Payments (“HAP”) contract between the project owner and HUD, a contract administrator on behalf of HUD, or a public housing authority (“PHA”). Under the HAP contract, a monthly HAP payment is made to the project owner with respect to units under the HAP contract occupied by an eligible tenant (the “Assisted Units”). The Section 8 subsidy pays the owner the difference between the tenant’s portion of the rent (which is generally 30% of the tenant’s adjusted monthly income) and the rent established by HUD or the public housing authority for the Assisted Unit. The portion of the rent actually paid by HUD or the public housing authority and the tenant may vary depending on the tenant’s income. The HAP contract and applicable laws and regulations also

provide for certain adjustments to rents for Assisted Units. No assurance can be given, however, that any rent increases will be sufficient to compensate for any increased operating expenses for the Rental Housing Development.

HAP contracts generally have initial terms of 15 or 20 years and may be renewed for additional terms. There is no assurance that a HAP contract will be renewed upon its expiration or that the Section 8 subsidy will be extended for the term of or in amounts sufficient to pay the related Loan. Payments received under HAP contracts constitute a primary source of revenues for many of the Rental Housing Developments receiving such assistance. Therefore, the termination of, or the reduction of payments under, a HAP contract may have a material adverse impact on the ability of the Rental Housing Development to generate revenues sufficient to pay the principal of and interest on a Loan.

The remedies of HUD, the contract administrator, or the PHA for an owner's violation of a HAP contract include abatement of the HAP contract payments and termination of the HAP contract. Any such action could adversely affect the availability of revenues to pay debt service on the related Loan.

Additional information about the Section 8 program appears in APPENDIX G — "FEDERAL HOUSING SUBSIDY PROGRAMS — Section 8 Program." See Table D-2 in APPENDIX D — "DESCRIPTION OF LOANS AND DEVELOPMENTS" for specific information relating to Section 8 subsidies for specific Loans.

Section 236 Program. Pursuant to Section 236(b) of the National Housing Act, the HUD Secretary entered into Section 236 contracts for certain Rental Housing Developments (the "Section 236 Developments") to make periodic interest reduction payments to the Administration on behalf of the mortgagors of the Section 236 Developments which were designed for occupancy by persons and families of low income. HUD's interest reduction subsidy payment share is in an amount equal to the difference between the monthly payment for principal, interest and a mortgage insurance premium which a mortgagor is obligated to pay under its Loan and the monthly payment for principal and interest which a mortgagor would be obligated to pay if its Loan were to bear interest at the rate of one per centum (1%) per annum. HUD is obligated to make payments under a Section 236 contract and may not terminate or reduce such payments except under certain circumstances, including, but not limited to, certain foreclosure actions instituted by the Administration. The funds for payment of interest reduction payments under the Section 236 contracts for existing Rental Housing Developments have been appropriated by Congress but are subject to rescission by legislation. The Section 236 Program is not available for new Developments, but HUD continues to fund Developments with existing contracts. Additional information about the Section 236 program appears in APPENDIX G — "FEDERAL HOUSING SUBSIDY PROGRAMS — Section 236 Program."

USDA Rental Assistance. Section 521 of Title V of the Housing Act of 1949 authorizes the United States Department of Agriculture ("USDA") to make rental assistance payments to owners of certain USDA-financed rental housing in rural areas ("USDA Assistance"). The USDA Assistance is designed to enable eligible tenants to pay the greater of (1) 30% of the monthly adjusted family income, (2) 10% of monthly income, or (3) for recipients of public assistance, the portion of the assistance payment that is designated for housing costs. The Borrower receives rental assistance payments directly from USDA to make up the difference between the tenants' payments and the USDA-approved rent for the units. Borrowers are required to operate the property on a limited-profit or non-profit basis. The Borrower and the USDA, through its Rural Housing Service, enter into a rental assistance agreement which specifies the number of units covered by the agreement and the aggregate amount of assistance funds available to the project. A rental assistance agreement expires when the funds obligated for the designated units are fully disbursed in accordance with the conditions of the agreement. To the extent funds are available for replacement units, the rental assistance agreement may be renewed.

Section 811 Rental Assistance Program. In the summer of 2014, HUD and the Administration entered into a Cooperative Agreement to commence a rental assistance program for persons with disabilities under Section 811 of the Cranston-Gonzalez National Affordable Housing Act, as amended by the Frank Melville Supportive Housing Investment Act of 2010 (“Section 811”). The Department administers the Section 811 program in partnership with the Maryland Department of Health (“MDH”) and the Maryland Department of Disabilities (“MDOD”). The Department awards Section 811 funds to eligible projects in conjunction with the Department’s administration of its existing financing programs, including Low-Income Housing Tax Credits, State Rental Housing funds, and tax-exempt bond financing.

All Section 811 funding is used to provide project-based rental assistance for eligible persons with disabilities referred by MDH and MDOD. All participants must be Medicaid recipients and eligible for case management services through Medicaid. Additionally, a participant must be a Maryland resident who is disabled and at least 18 years of age, but under 62 years of age at the time of program entry. The household income must be at or below 30% of Area Median Income for the area where the property is located. Supportive services for participants are provided by MDH and MDOD.

See APPENDIX G — “FEDERAL HOUSING SUBSIDY PROGRAMS” for detailed information about federal housing subsidy programs.

Group Home Loans

In addition to the Rental Housing Loans described above, the Administration acquired or financed Loans with the proceeds of prior Series of Bonds for various group housing facilities for special needs populations, including developmentally disabled individuals (“Group Homes”).

<u>Type of Development</u>	<u>Number of Loans</u>	<u>Number of Units¹</u>	<u>Type of Credit Enhancement</u>	<u>No. of Loans Credit Enhanced</u>	<u>Percentage of Total Units Credit Enhanced</u>	<u>Outstanding Loan Amount as of September 30, 2023</u>
Group Homes	40	135	MHF	40	100%	\$4,370,789

¹“Units” refers to number of individuals served.

Refer to Table D-4 of APPENDIX D for information on delinquencies.

Pursuant to the Bond Resolution, the Administration may, in its discretion, cancel or release the Credit Enhancement of any Loan, provided the Administration has filed with the Trustee a Cash Flow Certificate taking such cancellation or release into account and a certificate of an Authorized Officer to the effect that any such cancellation or release will not adversely affect the rating on the Bonds as in effect immediately before the date of such certification.

Certain proceeds of the Series 1996 B, Series 2006 C, and Series 2008 A Bonds financed Group Home Loans. Group Home Loans are originated pursuant to the Administration’s Special Housing Opportunities Program. Each Group Home Loan is secured by a first lien mortgage and insured by MHF. MHF insurance provides coverage for up to 100% of the outstanding principal amount of each Group Home Loan. Any MHF mortgage insurance claims related to such Group Home Loans are payable only from MHF’s Multifamily Reserves, MHF operating funds and certain unallocated reserves. Each Group Home Loan is subject to prepayment at any time, without premium, by its respective Borrower. Currently, the Department offers a limited program whereby MHF insures Group Home Loans. Additional information about the Group Homes program appears in APPENDIX C-1 — “THE PROGRAM — Description of Types of Loans Under the Program — *Group Home Loans.*” See APPENDIX F for information about the MHF Multifamily Insurance Program.

See APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS” for a description of mortgage insurance, Credit Enhancement and housing subsidies applicable to each Development. See APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS” for detailed information about mortgage insurance and Credit Enhancement. See APPENDIX G — “FEDERAL HOUSING SUBSIDY PROGRAMS” for detailed information about federal housing subsidy programs.

Debt Service Reserve Fund

The Debt Service Reserve Requirement, as of any date of calculation, is the aggregate of the amounts specified for each Series of Bonds in the applicable series resolution. As of the date of delivery of the Offered Bonds, the Debt Service Reserve Requirement is calculated to be \$13,080,117 and as of the date of delivery of the Offered Bonds, the amounts on deposit in the Debt Service Reserve Fund will equal or exceed the Debt Service Reserve Requirement. The available balance in the Debt Service Reserve Fund as of September 30, 2023, was \$14,740,484, of which \$9,041,599 were cash equivalents. The fair value of investments was \$5,698,885, of which \$5,449,363 was the book value of investments and \$249,522 was the increase in fair value.

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, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the Revenue Fund the amount of the deficiency then remaining. If any such withdrawal results in the balance in the Debt Service Reserve Fund falling below the amount of the Debt Service 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 Debt Service 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 Debt Service Reserve Fund in excess of the Debt Service 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 Debt Service Reserve Requirement may be reduced upon receipt by the Trustee of a Cash Flow Certificate taking into account such reduction and a certificate from an Authorized Officer to the effect that such reduction, in and of itself, will not cause or result in a reduction of the rating or ratings on the Bonds in effect immediately before such reduction. The Debt Service Reserve Fund and the Debt Service 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 Debt Service Reserve Fund which 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.

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 Permitted Investments. The proceeds of Bonds on deposit in the Bond Proceeds Fund are requisitioned by and disbursed to Borrowers prior to the permanent loan period to pay the costs of Developments under construction or rehabilitation. As of September 30, 2023, the available balance in the Bond Proceeds Fund was as follows:

	Original	
<u>Bond Series</u>	<u>Principal Amount</u>	<u>Available Balance</u>
2021 C	\$44,585,000	\$ 1,778,000
2022 A	23,270,000	52,796
2022 C	11,555,000	2,207,093
2023 A	17,205,000	5,721,917
2023 B	25,575,000	12,908,222
2023 C	25,880,000	18,681,427
2023 D	29,920,000	26,737,400
Total (Cash and Investments):		<u>\$68,086,855</u>

On December 14, 2023, the Administration issued its Housing Revenue Bonds, Series 2023 E in the aggregate principal amount of \$14,605,000, the undisbursed proceeds of which remain on deposit in the Bond Proceeds Fund.

Funds held in the Revenue Fund and the Debt Service Reserve Fund are invested in Permitted Investments. In general, it is the Administration’s policy to invest such moneys in U.S. Treasury securities, investment contracts collateralized by Permitted Investments, accounts with financial institutions, and securities of other institutions created by the U.S. Government. As of September 30, 2023, all moneys in the Revenue Fund and the Debt Service Reserve Fund were invested in either the BlackRock Liquidity FedFund Administration Shares or U.S. Treasury securities.

Any Permitted Investments described in subparagraphs (4), (5) and (8) of the definition of “Permitted Investments,” i.e., U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances, commercial paper and investment agreements, as set forth and more fully described in APPENDIX A-1 — “DEFINITIONS FROM THE RESOLUTIONS” and APPENDIX A-2 — “DEFINITIONS FROM FANNIE MAE SERIES RESOLUTIONS” to this Official Statement, purchased by the Trustee must, as of the date of such purchase, be rated by any Rating Agency then rating the Bonds in a long-term rating category at least equal to the long-term rating of the Bonds (other than Subordinate Bonds) and a short-term rating in the highest short-term rating category (unless the Permitted Investment has a remaining term of less than one year, in which case it need only have a short-term rating in the highest short-term rating category); provided, however, that the Trustee may purchase Permitted Investments that do not meet the requirements set forth in this paragraph, so long as the purchase of such Permitted Investments 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 Permitted Investment purchased by the Trustee changes adversely subsequent to the date of purchase, the Trustee is not required to sell such Permitted Investment. If a Rating Agency were to downgrade or withdraw the rating on any Permitted Investment previously purchased by the Trustee, the rating on the Bonds could be negatively affected. See “RATINGS” herein.

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 Offered Bonds, the Administration has established the General Bond Reserve Fund (the “General Bond Reserve Fund”) pursuant to an Indenture of Trust (the “GBRF Trust Indenture”) by and between the Administration and Manufacturers and Traders Trust Company, as successor trustee (the “GBRF Trustee”), originally adopted as of June 29, 1984, and amended and restated as of July 1, 2014. The Administration and the GBRF Trustee have entered into a First Supplemental Trust Indenture which amends the GBRF Trust Indenture and establishes the Business Development Bond Account (the “Business Development Bond Account”) within the General Bond Reserve Fund. The Administration may fund the Business Development Bond Account, at some future

date, in its discretion. Amounts on deposit in the General Bond Reserve Fund and the Business Development Bond Account, to the extent available, may be used to pay the principal of and interest on certain 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. The Administration may use moneys in the General Bond Reserve Fund and the Business Development Bond Account for the payment, or reimbursement of payments already made, of the operating expenses of the Administration, and for direct payment or reimbursement in accordance with any other lawful purpose for which the Administration may expend moneys within its control. Notwithstanding the foregoing, during any period when one or more Notices of Default (as defined in the GBRF Trust Indenture) are pending, the Administration only may withdraw from the General Bond Reserve Fund and the Business Development Bond Account moneys in excess of (A) the aggregate amount of funds in any Notices of Default then pending plus (B) any funds in a Restricted Account (as defined in the GBRF Trust Indenture). Moneys in the Business Development Bond Account also may be made available, at the Administration's discretion, for the payment of debt service on business development bonds issued by the Administration. In addition, moneys in the Business Development Bond Account, to the extent available, shall be used to purchase defaulted business loans.

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 on September 30, 2023, includes investments at fair market value. As of September 30, 2023, the available balance in the General Bond Reserve Fund was \$48,752,784, of which \$43,752,784 was cash equivalents. The fair value of investments was \$5,000,000, which was also the book 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 or 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).

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 or other determining event under a resolution or indenture 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.

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.

The Administration is also 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;

(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 Loans not in default;

(iv) prior to (a) the initial financing of a Loan whose terms are materially inconsistent with the most recent Cash Flow Statement, or (b) subsequently materially modifying, amending or altering the terms or provisions of any Loan or releasing, altering or modifying materially the security therefor (including, without limitation, Credit Enhancement, if any);

(v) except as provided in Section 6.07(c) of the Bond Resolution (summarized in APPENDIX H), prior to the releasing of any Loan from the pledge and lien of the Bond Resolution at less than the amount specified in Section 6.06 of the Bond Resolution (summarized in APPENDIX H) for Prepayment of such Loan;

(vi) prior to the application of a Recovery Payment to any use other than the purchase or redemption of Bonds;

(vii) prior to the purchase of Bonds at a price in excess of the then applicable Redemption Price plus accrued interest to the date of purchase; or

(viii) prior to effecting any reduction in the Debt Service Reserve Requirement.

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) the Revenues derived with respect to each Loan, together with any other payments on such Loans;

(ii) interest and other income estimated by the Administration to be derived from the investment or deposit of money available for payment of the Bonds 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 compounded no more frequently than monthly);

(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 Bonds,

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 in the current Bond Year and in each succeeding Bond Year. A Cash Flow Statement shall include all Outstanding Bonds, 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 Bonds. 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 Permitted Investments held in the Bond Proceeds Fund, the Redemption Fund, the Revenue Fund and the Debt Service Reserve Fund (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, will equal or exceed the aggregate principal amount of and accrued but unpaid interest on Outstanding Bonds; 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.

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) 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) above, except with respect to such funds or accounts which 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 are prepared based upon certain assumptions of and information available to the Administration at the time such a statement or certificate is prepared. 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. See APPENDIX H — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION — Cash Flow Statements and Certificates.”

Certain Withdrawals from the Bond Resolution

Under the terms of the Bond Resolution, the Administration may withdraw moneys free and clear of the pledge and lien of the Bond Resolution at any time subject to certain limitations. See “SECURITY FOR THE BONDS — Cash Flow Statements and Certificates.” The Administration expects to make a withdrawal from the Bond Resolution in an amount not to exceed \$5,000,000 to make a contribution to the Business Lending Program (as defined in APPENDIX B hereto). See APPENDIX B — “THE DEPARTMENT AND THE ADMINISTRATION — Business Lending Program.” Such funds, if withdrawn, would be deposited to the General Bond Reserve Fund and would continue to be assets of the Administration until such time as they are applied to finance specific commercial business projects when the related financing closes. Any such withdrawal would be made in compliance with the Bond Resolution’s requirements for withdrawals free and clear of the pledge and lien of the Bond Resolution. In no event will the Administration make a withdrawal from the Bond Resolution which would adversely affect the ratings of the Bonds. In the event of such a withdrawal, the Administration would not expect to reimburse the Bond Resolution for the funds withdrawn.

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 form and drawn on a bank or banks acceptable to the Administration (which bank or banks must be rated by any Rating Agency in a category at least equal to the rating category of the Bonds (other than Subordinate Bonds) or “F1” or “P-1,” as applicable, if the Credit Facility has a remaining term at the time it is provided not exceeding one year); provided that such letter of credit may be provided by a bank or banks whose rating is lower than that set forth above, so long as the provision 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) Permitted Investments 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.

Additional Bonds; Subordinate Bonds

The Resolutions permit the issuance of additional Bonds for one or more of the following purposes: (1) to finance or refinance Qualified Loans (including, without limitation, Qualified Loans in default); (2) to refund any or all Outstanding Bonds or any other bonds, notes or other obligations; (3) to pay any “Development Cost” as such term is defined in the Act and any other cost, including, without limitation, costs of issuance, discount, insurance or credit enhancement premiums or fees, and fees and expenses of counsel, financial advisors and other professional advisors and consultants, all as permitted by the Act; (4) to fund reserves; or (5) to achieve any of the Administration’s purposes. Prior to the issuance of any Series of additional Bonds, the Administration will file with the Trustee: (i) a Cash Flow Statement, and (ii) either (a) if the additional Bonds are not Subordinate Bonds, confirmation that the rating on such Series

of Bonds shall not be lower than the rating on the Bonds in effect immediately prior to the issuance of such Series of Bonds, or (b) if the additional Bonds are Subordinate Bonds, confirmation that the issuance of such Series of Subordinate Bonds will not, in and of itself, result in a downgrade of the rating on any outstanding Series of Bonds which are not Subordinate Bonds in effect immediately prior to the issuance of such Series of Subordinate Bonds, unless a more restrictive requirement is established under any series resolution. The Offered Bonds and any additional Bonds issued under the Bond Resolution (other than Subordinate Bonds and Stand Alone Bonds) will be on a parity and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Bond Resolution.

The Administration may issue Subordinate Bonds to be secured by the Bond Resolution on a subordinated basis. Payment of 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 the Bond Resolution to the extent specified in the series resolution, which pledge is subordinate, however, to the pledge securing the Bonds which were not issued as Subordinate Bonds, and upon such terms and conditions set forth in the series resolution authorizing such Subordinate Bonds. A Series of Subordinate Bonds may be payable from Revenues derived under the Bond Resolution, but only after payment of all other amounts payable from Revenues with respect to the Bonds which are not Subordinate Bonds and with respect to any Subordinate Bonds having a higher priority to payment from such Revenues. No Subordinate Bonds are Outstanding under the Bond Resolution.

The Administration may also issue Stand Alone Bonds, secured separately by the exclusive pledge of funds and accounts under the series resolution authorizing the issuance of such Bonds. See “INTRODUCTION – Prior Bond Issues under the Bond Resolution and Additional Bonds” and APPENDIX E – “OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION” hereto.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing laws, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described herein, interest on the Offered Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Offered Bond for any period during which the Offered Bond is held by a person who is a “substantial user” of the facilities financed with the proceeds of the Offered Bonds or a “related person” within the meaning of Section 147(a) of the Code. Bond Counsel is further of the opinion that interest on the Offered Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Offered Bonds may affect the federal alternative minimum tax imposed on certain corporations.

In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Administration and the Series 2024 A Borrower in connection with the Offered Bonds and Bond Counsel has assumed compliance by the Administration and the Series 2024 A Borrower with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, the Offered Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, is exempt from taxation of every kind and nature whatsoever by the State of

Maryland, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Offered Bonds, and renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update its opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Offered Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Bonds in order that interest on the Offered Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Offered Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal Government. Noncompliance with such requirements may cause interest on the Offered Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Administration has covenanted in the Resolutions that it shall do and perform all acts necessary or desirable to assure the exclusion of interest on the Offered Bonds from gross income under Section 103 of the Code. The Administration will deliver its Tax Certificate concurrently with the issuance of the Offered Bonds which will contain provisions relating to compliance with the requirements of the Code. The Administration also has required or will require the Series 2024 A Borrower to make certain covenants in the Loan program documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Administration or the owners of the Offered Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Offered Bonds for Federal income tax purposes. Furthermore, for any Loan financed with the Offered Bonds that is insured by FHA, such Federal tax compliance covenants will be subordinate to the rights of FHA under the Loan documents and the enforcement of such covenants will be subject to FHA approval. Because of these FHA restrictions, enforcement remedies available to the Administration or any other mortgagee may be inadequate to prevent the loss of tax exemption of interest on such Offered Bonds for Federal income tax purposes.

Low-Income Set-Aside Requirements under the Code

The Offered Bonds are subject to the low-income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly under this subheading. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide “qualified residential rental projects.” The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking and sanitation that are available to the general public and are to be used on other than a transient basis.

Section 142(d) of the Code requires that during the qualified project period (i) at least 20% of the completed units in a project be continuously occupied by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project be continuously occupied by individuals and families whose annual

adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Administration elects one of the low-income set-aside requirements for each project prior to the issuance of bonds under Section 142(d)(7). In addition, all of the units in any project must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The “qualified project period” begins on the first day upon which 10% of the units in a project are occupied and ends on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax exempt private activity bond issued with respect to the project is outstanding, or (iii) the date upon which any assistance provided with respect to the project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

A project generally will meet the continuing low-income set aside requirement so long as a tenant’s income does not increase to more than 140% of the applicable income limitation. Generally, upon an increase of a tenant’s income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the applicable project must be rented to a tenant whose income does not exceed the applicable income limitation; provided however, that if tax credits under Section 42 of the Code are allowed with respect to the applicable project, the next available unit of comparable or smaller size in the same building as the tenant whose income has increased over 140% of the applicable income limitation must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

Other Set-Aside Requirements

In addition to the above described set-aside requirements, Developments financed with the proceeds of Bonds also may be subject to income, occupancy and other like restrictions under the Program or other State financing programs. See APPENDIX C-1 — “THE PROGRAM — Income Limits.”

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Offered Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of an Offered Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Offered Bonds.

Prospective owners of the Offered Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. The extent of these collateral tax consequences will depend upon such owner’s particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Offered Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Offered Bonds. Interest on the Offered Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, OID on a Bond having OID (a “Discount Bond”) accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Generally, such OID is amortized over the term of any such Discount Bonds, and such amortized amount is treated as tax-exempt interest. Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). An owner of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the owner’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the owner’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the owner’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the owner’s basis may be reduced, no federal income tax deduction is allowed. Owners of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Offered Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing an Offered Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding

should occur. In any event, backup withholding does not affect the excludability of the interest on the Offered 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.

Miscellaneous

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Offered Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Offered 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 of the Offered 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 Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Offered Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

INDEPENDENT AUDITOR; FINANCIAL STATEMENTS

The financial statements of the Housing Revenue Bonds and of MHF as of June 30, 2023 and June 30, 2022 and for the years then ended, are included in this Official Statement and have been audited by CliftonLarsonAllen LLP (the "Auditor"). Such financial statements of the Administration and of MHF are collectively referred to herein as the "Financial Statements." The Financial Statements are described in the Independent Auditor's Report of CliftonLarsonAllen LLP accompanying the Financial Statements in APPENDIX I-1 and APPENDIX J-1 of this Official Statement. As indicated in the report of the Auditor, such Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States and audited in accordance with auditing standards generally accepted in the United States. The Auditor is a firm of independent certified public accountants, as indicated in its report with respect to the Financial Statements. The Financial Statements have been included in reliance upon the qualification of the Auditor to issue the Independent Auditor Report accompanying the Financial Statements. The Administration's Financial Statements report financial information as of June 30, 2023 and June 30, 2022.

The unaudited interim financial statements of the Housing Revenue Bonds and of MHF for the three-month period ending September 30, 2023 are included in APPENDIX I-2 and APPENDIX J-2, respectively, of this Official Statement.

LITIGATION

There is no pending litigation of any nature restraining or enjoining or seeking to restrain or enjoin the issuance, sale and delivery of any of the Offered Bonds or in any way contesting or affecting the validity of any of the Offered Bonds, the Bond Resolution or other proceedings of the Secretary taken with respect to the authorization, issuance, sale and delivery of any of the Offered Bonds, or the pledge or application of any moneys under the Bond Resolution, or the existence or powers of the Administration.

LEGAL MATTERS

The authorization, issuance and delivery of the Offered Bonds are subject to receipt of the opinion of Kutak Rock LLP, Washington, D.C., Bond Counsel, which will be in substantially the form set forth in APPENDIX L. Certain legal matters pertaining to the Administration will be passed upon by an Assistant Attorney General of the State as Counsel to the Department. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, New York, New York.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LEGALITY FOR INVESTMENT

Under the Act, the 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 Bonds are securities which properly and legally may 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.

UNDERWRITING

The Offered Bonds are being purchased on a negotiated basis by BofA Securities, Inc., J.P. Morgan Securities LLC (“JPMS”), Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, Loop Capital Markets, LLC, and Wells Fargo Bank, National Association (collectively, the “Underwriters”). The Underwriters have jointly and severally agreed to purchase the Offered Bonds at the price or prices set forth on the inside cover page hereof. The Underwriters will receive a fee of \$123,259.37 relating to their purchase of the Offered Bonds. The Underwriters are not acting as financial advisors to the Administration. The bond purchase agreement with respect to the Offered Bonds between the Administration and the Underwriters (the “Bond Purchase Agreement”) provides that the Underwriters will purchase all but not less than all of the Offered Bonds. The Underwriters’ obligation to make such purchase is subject to certain terms and conditions set forth in the Bond Purchase Agreement, including, without limitation, the approval of certain legal matters by counsel and certain other conditions. The initial public offering prices of the Offered Bonds may be changed, from time to time, by the Underwriters.

The Underwriters may offer and sell any of the Offered Bonds to certain dealers (including dealers depositing such Offered Bonds into investment trusts) and certain dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof.

BofA Securities, Inc., an underwriter of the Offered Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement,

BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Offered Bonds.

JPMS, an underwriter of the Offered Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

Morgan Stanley & Co. LLC, an underwriter of the Offered Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Offered Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association (“WFBNA”) which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of WFBNA, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the underwriters of the Offered Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Offered Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Offered Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Offered Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters have provided the following information for inclusion in this Official Statement: The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, municipal advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, such services for the Administration or the Series 2024 A Borrower for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities and financial instruments which may include bank loans, interest rate swaps and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. The Underwriters do not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future. Such investment securities activities may involve securities and instruments of the Administration, including the Offered Bonds, or the Series 2024 A Borrower.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

FINANCIAL ADVISORS

Caine Mitter & Associates Incorporated and People First Financial Advisors (collectively, the “Financial Advisors”) have served as Financial Advisors to the Administration in connection with the sale of the Offered Bonds.

RATINGS

Fitch Ratings Inc. (“Fitch”) has assigned its bond rating of AA+ to the Offered Bonds. Moody’s Investors Service (“Moody’s”) has assigned its bond rating of Aa2 to the Offered Bonds. Explanations of the significance of such ratings may be obtained from Fitch at 33 Whitehall Street, New York, New York 10004 and from Moody’s at 7 World Trade Center, New York, New York 10007. The Administration has not applied for any other rating in respect of any of the Offered Bonds. Fitch and Moody’s may have been provided with information regarding the Administration and its financial condition and operations which is not included in this Official Statement. There is no assurance that such ratings, once assigned, will continue for any period of time or that such ratings will not be revised, reduced or withdrawn. The Administration has not agreed to maintain such ratings, to notify the owners of the Bonds of any proposed or threatened change or withdrawal of such ratings (other than actual material rating changes within the scope of the Administration’s continuing disclosure undertaking described below) or to oppose any proposed or threatened change or withdrawal of such ratings. Any reduction or withdrawal of such ratings would have an adverse effect upon the market price of the Bonds.

CONTINUING 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 Exchange Act of 1934, as amended, to provide to the Municipal Securities Rulemaking Board or to any other entity designated or authorized by the Commission to receive reports pursuant to the Rule (in either case, the “MSRB”) (until otherwise designated by the MSRB or the Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>), within 120 days of the end of each fiscal year, the following annual financial information and operating data (commencing with the fiscal year ending June 30, 2024):

- (i) annual financial statements of the Housing Revenue Bonds and of MHF; and
- (ii) information in this Official Statement, as follows:
 - (a) the description of the charts which are located under the headings “SECURITY FOR THE BONDS — Credit Enhancement of Rental Housing Loans,” “— Housing Subsidy Payments for Rental Housing Developments” and “— Group Home Loans;”
 - (b) the balances in the Debt Service Reserve Fund and the General Bond Reserve Fund;
 - (c) in APPENDIX C-1 — “THE PROGRAM,” the chart describing geographical distributions of Loans under the subheading “Factors Affecting the Mortgage Loans;”

- (d) APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS;”
- (e) APPENDIX E — “OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION;” and
- (f) if more than 20% of the aggregate outstanding principal amount of Loans is insured by the MHF, in APPENDIX F — “MORTGAGE INSURANCE AND GUARANTY PROGRAMS — THE MHF INSURANCE PROGRAM — MULTIFAMILY INFORMATION,” information under the subheadings “Multifamily Insurance in Force and Available Reserves,” “Certain Additional Expected Multifamily Claims” and “Multifamily Claims Experience.”

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 or other offering circular for one or more Series of Bonds or by specific reference, in accordance with the Rule, to one or more official statements provided previously.

In the event audited financial statements are not available within 120 days of the end of a fiscal year, the Administration will provide unaudited financial statements by such date, and will thereafter provide audited financial statements when they are available.

The Administration also has agreed to provide, in a timely manner, not in excess of ten (10) business days after the occurrence of such event, to the MSRB, notice of the occurrence of any of the following events with respect to any of the Offered Bonds:

- (i) principal and interest payment delinquencies,
- (ii) non-payment related defaults, if material,
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties,
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties,
- (v) substitution of credit or liquidity providers or their failure to perform,
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Offered Bonds, or other material events affecting the tax status of the Offered Bonds,
- (vii) modifications to rights of Bondholders, if material,
- (viii) bond calls, if material, and tender offers,
- (ix) defeasances,
- (x) release, substitution, or sale of property securing repayment of the Offered Bonds, if material,
- (xi) rating changes,

- (xii) bankruptcy, insolvency, receivership or similar event of the Administration,[†]
- (xiii) the consummation of a merger, consolidation, or acquisition involving the Administration or the sale of all or substantially all of the assets of the Administration, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material,
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material,
- (xv) incurrence of a financial obligation^{††} of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation^{††} of the obligated person, any of which affect security holders, if material, and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation^{††} of the obligated person, any of which reflect financial difficulties.

In a timely manner, the Administration will give to the MSRB notice of any failure by the Administration to provide any information as described and in the manner set forth above.

During the previous five years, there have been instances where the Administration has not complied in all material respects with undertakings related to certain bonds issued by the Administration.

On occasion, local governments who participate in the Administration's infrastructure lending program have not timely provided information to enable the Administration to timely file such information with respect to such program. In such cases, the Administration has timely filed a notice of such failure and subsequently filed such required information upon its receipt from the local government.

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

The Administration will agree that its undertaking pursuant to the Rule described herein is intended to be for the benefit of any holder or beneficial owner of any of the Offered Bonds. Such holder's and beneficial owner's right to enforce the provisions of the Administration's undertaking is limited to a right to obtain specific enforcement of the Administration's obligation with respect thereto. Any failure by the Administration to

[†] For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Administration in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Administration, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Administration.

^{††} For the purposes of the events identified in clauses (xv) and (xvi) above, the term "financial obligation" has the meaning given such term in the Rule.

comply with the provisions of its undertaking will not be an event of default with respect to the Offered Bonds or any other Bonds issued under the Bond Resolution or under any related series resolution.

The provisions of the undertaking may be amended, without the consent of the holders or any beneficial owners of any of the Offered Bonds, to the extent required or permitted by any amendment to the Rule becoming effective after the date of the undertaking.

MISCELLANEOUS

Summaries and Descriptions in Official Statement

The summaries and explanation of, or references to, the Act, the program documents, the Resolutions and the Offered Bonds included in this Official Statement 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 office of the Administration. The descriptions of MHF and mortgage insurance and credit enhancement programs do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the applicable statutes and regulations.

Selection and Compensation of Professionals

The Administration selects the Auditor through a competitive process in accordance with State procurement law. Compensation of the Auditor is not contingent on the sale and delivery of the Offered Bonds. The Financial Advisors are selected by the Maryland State Treasurer's Office periodically through a competitive process in accordance with State procurement law. Compensation of the Financial Advisors is not contingent on the sale and delivery of the Offered 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 sale and delivery of the Offered Bonds. The Underwriters are selected by the Administration periodically through a process of solicitation of proposals. Compensation of the Underwriters and their counsel is contingent on the sale and delivery of the Offered Bonds.

This Official Statement is not to be construed as a contract or agreement between the Administration and the owners of any of the Offered Bonds.

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The execution and delivery of this Official Statement 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/ Gregory V. Hare
Gregory V. Hare, Director
Community Development Administration

APPENDIX A-1

DEFINITIONS FROM THE RESOLUTIONS

Certain of the terms used in this Official Statement, including the appendices hereto, are defined in the Resolutions. Certain terms used in this Official Statement are defined elsewhere in this Official Statement. In addition, the following terms from the Resolutions have the following respective meanings in this Official Statement, unless a different meaning clearly appears from the context:

“Accountant’s Report” means an opinion signed by any nationally recognized certified public accountant or firm of certified public accountants (who may be the accountant or firm that regularly audits the books and accounts of the Administration) from time to time selected by the Administration.

“Accounts” means the accounts established pursuant to the Bond Resolution or any Supplemental Resolution.

“Accreted Amount” means, as of any Interest Payment Date, with respect to Capital Appreciation Bonds and Deferred Income and Appreciation Bonds, such amounts as are set forth in the Series Resolution authorizing such Capital Appreciation Bonds and/or Deferred Income and Appreciation Bonds. “Accreted Amount” means, as of any date other than an Interest Payment Date, the sum of (a) the Accreted Amount on the preceding Interest Payment Date and (b) the product of: (x) a fraction, the numerator of which is the number of days having elapsed from the preceding Interest Payment Date and the denominator of which is the number of days from such preceding Interest Payment Date to the next succeeding Interest Payment Date, and (y) the difference between the Accreted Amounts for such Interest Payment Dates.

“Acquired Development” means a Development constructed, owned, operated or administered by reason of the Administration’s obtaining possession 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 or Acting Secretary, 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.

“Acquired Development Receipts” means all money received by the Administration in connection with its acquisition, ownership or operation of an Acquired Development.

“Authorized Denomination” or “Authorized Denominations” means the denomination or denominations for each Series of Bonds set forth in the Series Resolution for each Series of Bonds or Subseries thereof.

“Authorized Officer” means the Secretary or Acting Secretary, the Deputy Secretary of the Department, the Director or Acting Director, either Deputy Director, any Director or Acting Director of any

program or division of the Administration or any other person duly authorized by the Secretary or Acting Secretary to perform such act or discharge such duty.

“Bond Counsel” means nationally recognized bond counsel who is either currently under contract to provide such services to the Administration or is acceptable to the Administration and the Trustee.

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

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

“Business Day” means any day other than a Saturday or Sunday on which: (i) banks are not required or authorized to remain closed (a) in the city in which the principal corporate trust office of the Trustee is located, (b) in the city in which the office of the Bank at which demands for payment under the Liquidity Facility are to be honored is located, (c) in the city in which the corporate trust office of the Tender Agent at which the Bonds may be tendered for purchase by the holders thereof is located, and (d) in the city in which the principal office of the Remarketing Agent is located, (ii) the offices of the Administration are generally open for business, (iii) The New York Stock Exchange is not closed, and (iv) banks located in the City of New York, New York or Baltimore, Maryland are not authorized to be closed for regular business.

“Capital Appreciation Bonds” means any non-current interest paying Bonds as designated in the applicable Supplemental Resolution.

“Cash Equivalent” means a letter of credit, insurance policy, surety, guaranty or other security arrangement (each as provided for in a Series Resolution or a Supplemental Resolution), provided by an institution which has received a rating of its claims paying ability from each Rating Agency at least equal to the then existing rating on the Bonds (other than Subordinate Bonds) or whose unsecured long-term debt securities are rated in a category at least equal to the then existing long-term rating on the Bonds (other than Subordinate Bonds) and the highest short-term rating category by each Rating Agency; provided that a Cash Equivalent may be provided by an institution which has received a rating of its claims paying ability which is lower than that set forth above or whose unsecured long-term (or short-term) debt securities are rated lower than that set forth above, so long as the providing of such Cash Equivalent does not, as of the date it is provided, in and of itself, result in the reduction or withdrawal of the then existing rating assigned to the Bonds (other than Subordinate Bonds) by each Rating Agency.

“Cash Flow Certificate” means the certification and calculation (if required) made by or for the Administration pursuant to the Bond Resolution.

“Cash Flow Statement” has the meaning referenced in Section 6.13(c) of the Bond Resolution.

“Code” means the applicable sections of the Internal Revenue Code of 1954 (the “1954 Code”) or the Internal Revenue Code of 1986 (the “1986 Code”), and any applicable regulations promulgated thereunder.

“Collateral Reserve Fund” means the fund so designated which is established by the Bond Resolution.

“Collateral Reserve Requirement” means, as of any date of calculation, the aggregate of the amounts (if any) specified as the Collateral Reserve Requirement for each Series of Bonds or generally in the applicable Series Resolution or Supplemental Resolution, to be deposited into the Collateral Reserve Fund in connection with the issuance of a Series of Bonds or generally; provided that: (i) a Series Resolution

or Supplemental Resolution may provide that the Collateral Reserve Requirement may be funded, in whole or in part, through Cash Equivalents and such method of funding shall be deemed to satisfy all provisions of the Bond Resolution with respect to the Collateral Reserve Requirement and the amounts required to be on deposit in the Collateral Reserve Fund, and (ii) a Series Resolution or Supplemental Resolution may provide for a reduction in the Collateral Reserve Requirement, either as to a Series of Bonds or on an aggregate basis, provided that such reduction will not, in and of itself, result in a reduction of the rating of the Bonds as in effect immediately before any such reduction in the Collateral Reserve Requirement and a Cash Flow Certificate taking such reduction into account is filed with the Trustee.

“Cost of Issuance” means all items of expense payable or reimbursable directly or indirectly by the Administration and related to the authorization, sale and issuance of Bonds and the making, purchasing and otherwise financing of Loans.

“Credit Enhancement” means 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.

“Credit Enhancer” means the issuer or provider of any Credit Enhancement, which term includes, without limitation: (a) the Maryland Housing Fund, a unit of the Department in the Division of Credit Assurance; (b) any agency or instrumentality of the United States of America guaranteeing, insuring or providing credit enhancement for (including without limitation HUD, the Federal Housing Administration of HUD, and its successors and assigns, the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation); (c) any bank, financial institution, government chartered corporation or other person; or (d) any agency, instrumentality or department of the State.

“Credit Facility” means (i) an unconditional and irrevocable letter of credit (or confirmation of a letter of credit) in form and drawn on a bank or banks acceptable to the Administration, (ii) cash, (iii) a certified or bank check, (iv) Permitted Investments, 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, or Parity Obligation or a Subordinate Contract Obligation.

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

“Debt Service” means, with respect to any particular Bond Year, an amount equal to the sum of (i) all interest payable on Outstanding Bonds during such Bond Year, plus (ii) any Principal Installments and Sinking Fund Installments of such Bonds during such Bond Year.

“Debt Service Reserve Requirement” means, as of any date of calculation, the aggregate of the amounts specified as the Debt Service Reserve Requirement for each Series of Bonds in the applicable Series Resolution; provided that: (i) a Series Resolution may provide that the Debt Service Reserve Requirement for the Series of Bonds authorized thereunder may be funded, in whole or in part, through Cash Equivalents, and such method of funding shall be deemed to satisfy all provisions of the Bond Resolution with respect to the Debt Service Reserve Requirement, and (ii) a Series Resolution or Supplemental Resolution may provide for a reduction in the Debt Service Reserve Requirement, either as to a Series of Bonds or on an aggregate basis, provided that such reduction will not, in and of itself, result in a reduction of the rating of the Bonds as in effect immediately before any such reduction in the Debt Service Reserve Requirement and a Cash Flow Certificate taking such reduction into account is filed with the Trustee.

“Deferred Income and Appreciation Bonds” means any non-current interest paying Bonds which, on a specified date, convert to current interest paying Bonds, as designated in the applicable Series Resolution.

“Development” means any project, facility, undertaking or purpose which the Administration is authorized to undertake or finance pursuant to the Act as now or hereafter in effect, including, without limitation, 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, and shall include, without limitation, single family, multifamily and group housing.

“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.

“Fannie Mae” means the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation organized and existing under the Federal National Mortgage Association Charter Act, 12 U.S.C. §1716 et seq.

“Fannie Mae Stand-By Guaranty Program” means Fannie Mae’s program of issuing Guaranteed Securities as Credit Enhancement for loans.

“Federal 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.

“FHA” means the Federal Housing Administration or its successors.

“Fiscal Year” means the period of 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.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder-owned, government-sponsored enterprise organized and existing under the laws of the United States.

“GNMA” means the Government National Mortgage Association, a government-sponsored enterprise organized and existing under the laws of the United States.

“GNMA Guaranteed Security” means a Guaranteed Security issued by GNMA.

“GNMA Guaranty Program” means GNMA’s program of issuing Guaranteed Securities as Credit Enhancement for loans.

“Group Home Loans” means Loans made to non-profit organizations to finance group housing facilities for special needs populations, including developmentally disabled individuals.

“Guaranteed Security” means securities guaranteed as to timely payment of principal and interest by a government-sponsored enterprise.

“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.

“Interest Requirement” means, as of any particular date of computation, the sum of the unpaid interest then past due, if any, plus the interest to become due on all Outstanding Bonds on the next Interest Payment Date (if such computation is made on an Interest Payment Date for one or more Series of Bonds before the interest then due on such Interest Payment Date is paid, such Interest Payment Date shall be treated as the next Interest Payment Date for such Series).

“Investment Obligations” shall mean any of the following which at the time are legal investments under the laws of the State for moneys held under the Bond Resolution which are then proposed to be invested therein:

(1) direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America;

(2) bonds, debentures, notes or other evidences of indebtedness issued by any of the following: Bank for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Banks; Export-Import Bank of the United States; Federal Land Banks; Federal National Mortgage Association; Government National Mortgage Association; Federal Financing Bank; Small Business Administration; or any other agency or instrumentality of the United States of America (created by an Act of Congress) substantially similar to the foregoing in its legal relationship to the United States of America;

(3) public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, and temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America;

(4) interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any financial institution (including the Trustee or any other Fiduciary) provided that (i) such deposits, certificates and other arrangements are fully insured by the Federal Deposit Insurance Corporation, the proceeds of which insurance are timely available, or (ii) such financial institution has combined capital and surplus of at least \$10,000,000 and such deposits, certificates and other arrangements are fully secured by obligations described in clauses (1) through (3), inclusive, of this definition, or a combination thereof, or (iii) such financial institution has combined capital and surplus of at least \$25,000,000;

(5) interest-bearing notes issued by a bank holding company having combined capital and surplus of at least \$500,000,000 whose senior debt is rated in one of the two highest rating categories of Moody’s or Standard & Poor’s Corporation;

(6) contracts for the purchase and sale of obligations described in clauses (1) through (5) of this definition, provided that 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 (5) above to such contracts as security or reserve therefor in an amount at least equal to 100% of the face value of each such contract, such obligations shall be delivered to and held by a fiduciary during the term of such contracts; and

(7) any other investment now or hereafter a legal investment for funds of the Administration under the laws of the State.

“Loan” means: (1) a loan, made or purchased or otherwise financed by the Administration and evidenced by a promissory note, (2) a portion of, or participation in, a loan made or purchased or otherwise financed by the Administration and evidenced by a promissory note, provided, to the extent required by the Act, that such portion or participation is secured by a lien at least equal in priority to the lien securing any other portion of or participation in the loan made or purchased or otherwise financed from sources other than the proceeds of Bonds, but need not be identical as to interest rate, time or rate of amortization or otherwise, and provided further, that any such portion or participation shall be governed by an agreement between the participants which gives the Administration authority to deal with the Loan as if it were owned solely by the Administration, or (3) a security, certificate or other evidence of 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 be secured by a Mortgage, to the extent permitted by the Act.

“Mortgage” means a mortgage deed, deed of trust or other instrument securing a Loan.

“Multi-Family Housing Revenue Bonds” means the Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) issued by the Administration pursuant to the 1982 Resolution.

“Multifamily Reserve” means the reserve fund of MHF established pursuant to the Code of Maryland Regulations Section 05.06.01.04 for multifamily insurance. See APPENDIX F – “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS – THE MHF INSURANCE PROGRAM,” and APPENDIX J-1 — “AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” and APPENDIX J-2- “UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” for additional information regarding the Multifamily Reserve.

“1982 Resolution” means the Administration’s Resolution Providing for the Issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loans), originally adopted as of May 1, 1982, and amended and restated as of January 1, 1994.

“Operating Expenses” means the Administration’s operating expenses and all other expenses of carrying out and administering its powers, duties and functions under the Program and the Bond Resolution, and shall include, without limiting the generality of the foregoing: (1) salaries, supplies, utilities, moving, labor, materials, office rent, maintenance, furnishings, equipment; (2) machinery, insurance premiums, legal, accounting, management, consulting, banking and trust services and expenses; (3) Costs of Issuance not paid from proceeds of Bonds; and (4) payments for pension, retirement, health, hospitalization and other benefits.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been delivered under the Bond Resolution, except:

(a) Bonds surrendered to the Trustee for cancellation after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds (or portions thereof) for the payment or redemption of which cash, Federal Obligations, Pre-Refunded Municipal Obligations or any combination thereof shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that, if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(c) Bonds in lieu of which other Bonds have been transferred, exchanged, executed, authenticated and delivered, unless proof satisfactory to the Trustee is presented that such bond is held by a bona fide holder in due course.

“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” means the Administration’s obligation to pay any amount under any Qualified Hedge secured by a pledge of, and a lien on, Revenues on a parity with the lien securing the Parity Obligations. Parity Hedge Obligations do not include any payments of any termination fees (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.

“Parity Interest” means interest on Parity Bonds, those portions of Parity Reimbursement Obligations that are related to interest payments on Parity Principal, and Parity Hedge Obligations.

“Parity Obligation Instrument” means an instrument or other contractual arrangement, including Bonds, evidencing the Administration’s obligation to pay Parity Obligations.

“Parity Obligations” means Parity Bonds and Parity Hedge Obligations.

“Parity Principal” means principal of Parity Bonds and those portions of Parity Reimbursement Obligations that are related to principal.

“Parity Reimbursement Obligation” means a Reimbursement Obligation secured by a pledge of, and a lien on, the trust estate established by the granting clauses of the Bond Resolution on a parity with the lien securing the Parity Bonds, but only to the extent principal amortization requirements with respect to such reimbursement are equal to the amortization requirement for the related Bonds, without acceleration (unless either a Cash Flow Statement is delivered at the time of execution of the Credit Facility incorporating a different principal amortization schedule with respect to such Parity Reimbursement Obligation or the effectiveness of such different amortization schedule is conditioned on the delivery of such Cash Flow Statement), as determined by the Administration in the applicable Series Resolution or Supplemental Resolution. Parity Reimbursement Obligations shall not include any payments of any fees, expenses, indemnification, or other obligations to any such issuer, or any payments pursuant to term-loan or other principal amortization requirements in reimbursement of any such advances that are more accelerated than the amortization requirements on such related Bonds, which accelerated payments shall be Subordinated Contract Obligations.

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

“Permitted Investments” means any of the following investments which at the time are legal investments for moneys of the Administration which are then proposed to be invested therein, subject to the terms of the applicable Series Resolution:

- (1) Federal 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): Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, and U.S. Department of Housing & Urban Development;
- (3) Bonds, notes or other evidences of indebtedness having a rating at least equal to the 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 which have a rating on their short-term certificates of deposit on the date of purchase at least equal to the Rating Agency’s existing rating on the Bonds (other than Subordinate Bonds) or the comparable rating 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) Commercial paper which is rated at the time of purchase at least equal to the Rating Agency’s existing rating on the Bonds (other than Subordinate Bonds) or the comparable rating of any other nationally recognized rating agency and which matures not more than 270 days after the date of purchase;
- (6) Investments in a money market fund having a rating at least equal to the Rating Agency’s highest possible rating category or the comparable rating of any other nationally recognized rating agency;
- (7) Pre-Refunded Municipal Obligations having a rating at least equal to the Rating Agency’s highest possible rating category or the comparable rating of any other nationally recognized rating agency which will not adversely affect the rating on the Bonds then in effect;
- (8) Investment agreements with any financial institution or other entity with debt rated at least equal to the Rating Agency’s existing rating on the Bonds (other than Subordinate Bonds) or the comparable rating of any other nationally recognized rating agency which will not adversely affect the rating on the Bonds then in effect;
- (9) Contracts for the purchase and sale of obligations described in clauses (1) through (7) 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 (7) above to such contracts as security or reserve therefor, such obligations shall be delivered to and held by a fiduciary during the term of such contracts, (ii) such obligations shall 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;

(10) Investments in any mutual fund the portfolio of which is limited to Permitted Investments, 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 Federal Obligations, then such fund shall constitute “Federal Obligations” for the purposes of the Bond Resolution); and

(11) Any investments authorized in a Series Resolution authorizing the issuance of Bonds.

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 shall be without regard to any refinement or gradation such as “+” or “-.”

The definition of Permitted Investments 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.

“Prepayment” means any money received from a payment of principal on a Loan in excess of the scheduled payments of principal then due or from the sale, assignment or other disposition of a Loan.

“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 Federal 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.

“Principal” or “principal” means: (i) as such term references the principal amount of any Capital Appreciation Bonds or Deferred Income and Appreciation Bonds, the Accreted Amount thereof (the excess of the stated maturity amount of a Capital Appreciation Bond or Deferred Income and Appreciation Bond above the Accreted Amount thereof being deemed unearned interest on such Bond), except as used in the Bond Resolution or the Series Resolution in connection with the authorization and issuance of Bonds and in the order of priority of payments on Bonds after default, in which cases the term “principal” shall mean the initial principal amount of a Capital Appreciation Bond or Deferred Income and Appreciation Bond, and the difference between the Accreted Amount of such Capital Appreciation Bond or Deferred Income and Appreciation Bond and the initial principal amount thereof shall be deemed to be interest, and (ii) as such term references the principal amount of any other Bond, the principal amount at maturity of such Bond.

“Principal Installment” means, as of any date of calculation, (i) the aggregate principal amount of Outstanding Bonds due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Bond Resolution of Sinking Fund Installments payable before such future date plus (ii) the unsatisfied balance of any Sinking Fund Installments due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Installments in a principal amount equal to said unsatisfied balance.

“Purchase Price” means an amount equal to the principal amount of any Offered Bond tendered or deemed tendered for purchase as provided in the 2024 A Series Resolution, plus accrued interest from the previous Interest Payment Date to the day preceding the Purchase Date.

“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 (such swap may be based on an amount equal either to a principal amount, or a notional principal amount relating to all or a portion of the principal amount, of Bonds or Loans as set forth in the authorizing Series Resolution or Supplemental Resolution); 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; (iii) which is executed by the Administration for the purpose of debt management, including managing interest rate fluctuations on Bonds and/or Loans, but not for purposes of speculation, after the Administration has analyzed applicable risks and benefits of the Qualified Hedge; and (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge.

“Qualified Hedge Provider” means an entity that each Rating Agency has confirmed would not result in a negative impact on the then-current rating of the Bonds.

“Rating Agency” means any nationally recognized rating agency then rating the Bonds at the request of the Administration.

“Recovery Payment” means any money representing principal of a Loan and any premium or penalty with respect thereto received or recovered by the Administration, in excess of any expenses necessarily incurred by the Administration in collection thereof, from (i) the sale or other disposition of a Development, (ii) Prepayments, (iii) condemnation of a Development or part thereof, to the extent not needed to improve or repair the Development, (iv) other proceedings taken in the event of default by the Borrower, (v) the sale or other disposition of a Loan and Mortgage in default for the purpose of realizing on the mortgagee’s interest therein, (vi) to the extent not needed to improve or repair the Development, hazard insurance, or (vii) the payment of principal of a Loan by a Credit Enhancer as a result of any of the events described in the preceding clauses (ii) through (vi) with respect to a Loan subject to Credit Enhancement.

“Redemption Price” means, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof.

“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.

“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 subject to the lien of the Bond Resolution, and Hedge Receipts and Termination Payments but not including Recovery Payments, Escrow Payments, Service Charges 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 Developments 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 Loan. Any arbitrage rebates payable to the United States are not Revenues and are not subject to the lien of the Bond Resolution.

“Review Committee” means the Department’s Housing Finance Review Committee established by the Act. Further information about the Review Committee is set forth in APPENDIX B - “THE DEPARTMENT AND THE ADMINISTRATION - General Information.”

“Series 1996 A Bonds” means the Administration’s Housing Revenue Bonds, Series 1996 A.

“Servicer” means the Administration or any other public or private institution (including the Trustee) with which the Administration shall execute a contractual agreement for the servicing of a Loan, including the collection and deposit of payments and proper application of Escrow Payments.

“Sinking Fund Installment” means any amount of money required by or pursuant to a Series Resolution to be paid on a specified date by the Administration toward the retirement of any particular Term Bonds before maturity.

“Subordinate Bonds” means Bonds secured by the Bond Resolution on a subordinated basis and issued pursuant to Section 2.05 thereof.

“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 “Subordinate 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 created under the Bond Resolution for the payment of the Parity Obligations.

“Termination Payment” means, with respect to a Qualified Hedge, an amount required to be paid by the Administration to a Qualified Hedge Provider as a result of the termination of the related Qualified Hedge or required to be paid by the Administration into a collateral account as a source of payment of any termination payments, provided that Termination Payments shall always be Subordinate Contract Obligations.

“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.

“Transferred Loans” means the Loans acquired with the proceeds of the Series 1996 A Bonds.

“Unallocated Reserve” means the reserve fund of MHF established pursuant to the Code of Maryland Regulations Section 05.06.01.04 for reserve moneys not yet transferred to a specific reserve. See APPENDIX F – “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS – THE MHF INSURANCE PROGRAM” and APPENDIX J-1 — “AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” and APPENDIX J-2 – “UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND” for additional information regarding the Unallocated Reserve.

APPENDIX A-2

DEFINITIONS FROM FANNIE MAE SERIES RESOLUTIONS

Certain of the terms used in this Official Statement are defined in the Resolutions. Certain terms are defined elsewhere in this Official Statement. In addition, the following terms from Fannie Mae Series Resolutions or applicable to the financing of Fannie Mae Enhanced Loans have the following respective meanings in this Official Statement, unless a different meaning clearly appears from the context:

“Annual Fee” means, (i) as to the Administration, the Administration’s annual fee equal to 0.25% of the outstanding principal balance of a Fannie Mae Enhanced Loan payable by the applicable Borrower in advance semiannually on each Interest Payment Date and in accordance with the applicable Financing Agreement, and (ii) as to the Trustee, the annual ongoing trust administrative fee of the Trustee plus expenses payable as provided in the applicable Financing Agreement.

“Approved Plans” means the plans initially approved by the applicable Fannie Mae Construction Lender and the Fannie Mae Loan Servicer, as such plans are changed, modified or amended with the approval of the Fannie Mae Construction Lender and, if required pursuant to the Construction Phase Financing Agreement, the Fannie Mae Loan Servicer.

“Architectural Consultant” means the architect or engineer retained by the Fannie Mae Loan Servicer on its own behalf and on behalf of Fannie Mae to (i) approve the plans, drawings, sketches, specifications, reports, modifications and change orders prepared by the Project Consultants; (ii) inspect the applicable Fannie Mae Enhanced Development through the Construction Phase; (iii) certify that such Fannie Mae Enhanced Development has been completed in accordance with the Approved Plans; and (iv) perform other architectural and inspection services on behalf of Fannie Mae and the Fannie Mae Loan Servicer.

“Conditions to Conversion” means the following conditions:

(i) the Fannie Mae Loan Servicer has issued the applicable Preliminary Notice of Conversion;

(ii) the applicable Permanent Phase Loan Amount is equal to or greater than the outstanding principal amount of the applicable Fannie Mae Enhanced Loan, or, if, prior to the Conversion Date, the Permanent Phase Loan Amount had been less than the outstanding principal amount of such Fannie Mae Enhanced Loan, the applicable Borrower has made a Pre-Conversion Loan Equalization Payment in the amount of the difference between the outstanding principal balance of the applicable Fannie Mae Enhanced Loan (and, therefore, the principal amount of Bonds outstanding) and the Permanent Phase Loan Amount and such payment was derived from a source of funds, whether debt or equity, acceptable to Fannie Mae. If such Borrower incurred additional debt to cover such difference referenced in the prior sentence, the Borrower has provided the Fannie Mae Loan Servicer with evidence satisfactory to the Fannie Mae Loan Servicer that (i) the additional debt is subordinated to the applicable Fannie Mae Enhanced Loan, (ii) the terms, conditions and documentation of the additional debt meet the requirements for subordinate financing as set forth in the DUS Guide and (iii) the applicable Borrower and the holder of the

subordinate debt have entered into a subordination agreement with Fannie Mae in the form prescribed in the DUS Guide;

(iii) any gap or bridge financing provided by the Fannie Mae Construction Lender to the applicable Borrower is paid in full;

(iv) the Fannie Mae Loan Servicer has received an original executed Title Policy Endorsement, in full force and effect, in form and content as required by the approved pro forma Title Policy Endorsement received by the Fannie Mae Loan Servicer as a condition to the issuance of the Preliminary Notice of Conversion; and

(v) no event has occurred and is continuing, or would result from the conversion to the Permanent Phase, which constitutes an Event of Default under the applicable Reimbursement Agreement (as defined therein) or any Approved Subordinate Financing or would constitute an Event of Default under such Reimbursement Agreement or any Approved Subordinate Financing but for the requirement that notice be given or time elapse or both.

“Construction Phase” means, as to each Fannie Mae Enhanced Development, the period beginning on the Closing Date and ending upon the applicable Conversion Date.

“Construction Phase Financing Agreement” means each Construction Phase Financing Agreement, by and among Fannie Mae, the Fannie Mae Loan Servicer and the Fannie Mae Construction Lender, as such agreement may be amended, modified, supplemented or restated from time to time.

“Construction Reimbursement Agreement” means the Reimbursement Agreement between the Fannie Mae Construction Lender and the applicable Borrower, as amended, supplemented or restated from time to time.

“Conversion Date” means the date specified as such by the Fannie Mae Loan Servicer in the applicable Preliminary Notice of Conversion.

“Credit Facility” means a Fannie Mae Credit Enhancement Instrument.

“Credit Facility Agreement” means, individually or collectively, the applicable Reimbursement Agreement and all other agreements and documents securing Fannie Mae or otherwise relating to the provision of the applicable Fannie Mae Credit Enhancement Instrument, as any such agreement may be amended, modified, supplemented or restated from time to time.

“DUS Guide” means the Fannie Mae Delegated Underwriting and Servicing Guide in its present form and as amended, supplemented or reissued from time to time.

“Fannie Mae Construction Lender” means the Construction Lender under the applicable Construction Phase Financing Agreement.

“Fannie Mae Construction Lender Mortgage” means the mortgage granting the Fannie Mae Construction Lender a lien on and a security interest in the applicable Mortgaged Property to secure repayment of any amounts drawn by Fannie Mae (in the event Fannie Mae is required to pay amounts under the related Fannie Mae Credit Enhancement Instrument) or otherwise owing to the Fannie Mae Construction Lender under the applicable Construction Reimbursement Agreement together with a security agreement granting a security interest in the partnership/membership interests of the partners/members in

the applicable Borrower and certain rights of such Borrower and such partners/members in and to low-income housing tax credits applicable to such Mortgaged Property.

“Fannie Mae Credit Enhancement Instrument” means a Standby Credit Enhancement Instrument, related to a Fannie Mae Enhanced Loan, issued by Fannie Mae to the Trustee, or any Replacement Credit Facility.

“Fannie Mae Enhanced Development” means a Development financed by a Fannie Mae Enhanced Loan.

“Fannie Mae Enhanced Loan” means a Loan as to which Fannie Mae provides Credit Enhancement.

“Fannie Mae Loan Servicer” means each applicable servicer of a Fannie Mae Enhanced Loan, and any successor servicer appointed by Fannie Mae.

“Fannie Mae Series Resolution” means a Series Resolution under which a Series of Bonds which finances a Fannie Mae Enhanced Loan is issued.

“Final Notice of Conversion” means a written notice by the Fannie Mae Loan Servicer to the Administration, the Trustee, the applicable Borrower, the Fannie Mae Construction Lender and Fannie Mae given on or before the Termination Date (a) stating that the Conditions to Conversion have been satisfied on or before the Termination Date or, if any Condition to Conversion has not been satisfied on or before the Termination Date, stating that such Condition to Conversion has been waived in writing by Fannie Mae on or before the Termination Date, and (b) stating that Conversion has occurred.

“Financing Agreement” means each Financing Agreement between the Administration, the Trustee and the applicable Borrower.

“Initial Debt Service Deposit” means the deposit to be made by the applicable Borrower with the Trustee on the Closing Date, as required by the applicable Financing Agreement and deposited by the Trustee into the Revenue Fund.

“Interest Payment Date” means the interest payment date for the applicable Bonds set forth in the applicable Fannie Mae Series Resolution.

“Investment” means any Permitted Investment and any other investment held under the applicable Fannie Mae Series Resolutions that does not constitute a Permitted Investment.

“Mortgage Loan Documents” means, collectively, the applicable Mortgage Note, the Security Instrument, the Reimbursement Agreement, and all other agreements, documents and instruments evidencing, securing or otherwise relating to the applicable Fannie Mae Enhanced Loan, including all amendments, modifications, supplements and restatements of such agreements, documents and instruments, but excluding the Financing Agreement and the Tax Regulatory Agreement.

“Mortgage Loan Payments Interest” means, with respect to the Mortgage Loan, the right of the Trustee to receive and retain all payments due and owing under the Mortgage Note, other than (a) Set Rate Interest, comprising the Facility Fee and the Servicing Fee, (b) late charges, (c) default interest, (d) payments for reserves and any payments pursuant to any Completion/Repair and Security Agreement, (e) escrows for taxes, insurance and other impositions, (f) any amount due pursuant to any Mortgage Loan Document (including all fees due to the Credit Provider, e.g., without limitation, the Activity Fee (as defined

in the Reimbursement Agreement) due to the Credit Provider) and (g) other amounts which do not constitute principal or interest at the Pass-Through Rate.

“Mortgage Loan Rights” means, with respect to the Mortgage Loan, without limitation (a) all of the rights, and interests, power and authority under the Mortgage Loan Documents and the Financing Agreement to direct actions, grant consents, grant extensions, grant waivers, grant requests, give approvals, give directions, exercise and enforce remedies, exercise forbearance, give releases, make appointments, make decisions, take actions, apply partial payments, apply late charges, receive and apply default interest, receive and apply escrow payments for reserves, taxes, insurance and other impositions, receive and apply funds received pursuant to any Mortgage Loan Document, and, subject to the exclusion set forth below, do all other things that may be done under the Mortgage Loan Documents and (b) the right, power and authority to, and the right, power and authority to assign or delegate the right, power and authority to, enter into and/or receive or accept delivery of and/or be a party to all Mortgage Loan Documents (other than the Mortgage Note and the Security Instrument which are executed and delivered by the Borrower to the Administration), to be executed and delivered in connection with the Mortgage Loan, and which are not entered into and/or received or accepted by the Administration, or to which the Administration is not a party, including, but not limited to, any agreements, documents and instruments ancillary to or otherwise relating to the Mortgage Loan, including agreements with respect to the servicing of the Mortgage Loan and the establishment of custodial and other accounts for the deposit of funds payable by the Borrower under the Mortgage Loan Documents and collected by the Loan Servicer, and to vest in any assignee or delegatee, including the Loan Servicer, such rights, powers and authority as may be necessary to implement any of the foregoing; “Mortgage Loan Rights” also means, and expressly includes, with respect to the Mortgage Loan, custody of, and exclusive dominion and control over, each Mortgage Loan Document, except, prior to the Conversion Date, the Mortgage Note and the Security Instrument. “Mortgage Loan Rights” does not mean, and expressly excludes, the Mortgage Loan Payments Interest which is assigned by the Administration to the Trustee.

“Mortgage Note” means each Multifamily Note executed by the applicable Borrower in favor of the Administration, evidencing a Fannie Mae Enhanced Loan.

“Permanent Phase” means the permanent phase of the applicable Fannie Mae Enhanced Loan commencing on the applicable Conversion Date.

“Permanent Phase Loan Amount” means the Permanent Phase Loan Amount as determined in accordance with the applicable Construction Phase Financing Agreement.

“Preliminary Notice of Conversion” means a written notice by the Fannie Mae Loan Servicer to the Administration, the Trustee, the applicable Borrower, the Fannie Mae Construction Lender and Fannie Mae (i) stating that the conditions to the delivery of the Preliminary Notice of Conversion set out in the applicable Construction Phase Financing Agreement have been satisfied or, if any such condition has not been so satisfied, specifying each such condition that has been waived in writing by Fannie Mae and (ii) specifying the Conversion Date.

“Project Consultant” means and includes all architects (excluding only the Architectural Consultant), landscape architects, structural engineers, civil engineers, environmental engineers, mechanical engineers, electrical engineers and other architects, designers, engineers, consultants and professionals engaged to provide services with respect to the applicable Fannie Mae Enhanced Development.

“Redemption Date” means any date upon which Bonds are to be redeemed pursuant to the applicable Fannie Mae Series Resolution.

“Reimbursement Agreement” means each Reimbursement Agreement between Fannie Mae and the applicable Borrower under a Fannie Mae Enhanced Loan.

“Replacement Credit Facility” means a new Fannie Mae Credit Enhancement Instrument provided at the request of Fannie Mae, provided that such exchange shall not adversely affect the rating then in effect for the related Bonds.

“Reserved Rights” means (i) those certain rights of the Administration under the Financing Agreements to indemnification and to payment or reimbursement of fees and expenses of the Administration, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership, its right to inspect and audit the books, records and premises of the applicable Borrowers and of the applicable Fannie Mae Enhanced Developments, its right to collect attorneys’ fees and related expenses, its right to specifically enforce applicable Borrower’s covenant to comply with applicable federal tax law and State law (including the Act and the rules and regulations of the Administration, if any), and its rights to give or withhold consent to amendments, changes, modifications and alterations to the Financing Agreements and the Tax Regulatory Agreement and (ii) the rights and obligations of the Administration as the “public agency” under any applicable IRP Agreement.

“Section 8” means Section 8 of the United States Housing Act of 1937, as amended.

“Security Instrument” means the applicable Multifamily Deed of Trust, Security Agreement and Assignment of Rents securing a Mortgage Note and the related Reimbursement Agreement.

“Series Account” means the account relating to and named for a specific series of Bonds, as the context requires, within the Bond Proceeds Fund.

“Tax Certificate” means a Federal Tax Certificate dated the Closing Date, executed and delivered by the Administration and the applicable Borrower.

“Tax Regulatory Agreement” means the Regulatory Agreement and Agreement and Declaration of Covenants and Restrictions entered into by the Administration and the applicable Borrower with respect to Bonds financing a Fannie Mae Enhanced Loan.

“Termination Date” means the Termination Date provided for in the applicable Construction Phase Financing Agreement.

“Title Policy” means the title policy issued in connection with the applicable Fannie Mae Enhanced Loan for the benefit of the Trustee and Fannie Mae, as their interests may appear.

“Title Policy Endorsement” means a pro forma of an endorsement to the Title Policy containing (i) affirmative insurance against mechanics’ liens, (ii) reflecting the deletion of the Fannie Mae Construction Lender Mortgage and any other lien for the benefit of the Fannie Mae Construction Lender and the lien of any other subordinate financing required pursuant to the special conditions set forth in the Construction Phase Financing Agreement, to be released of record on or before the Conversion Date, and (iii) evidence that all contractors, subcontractors, materialmen, the Architectural Consultant, each Project Consultant and other parties who have supplied labor, materials or services for the construction of the Project, or who otherwise might be entitled to claim a contractual, statutory or constitutional lien on the Project have executed lien waivers relating to all costs of construction other than those items included on the minor punch list not yet completed. The endorsement to the Title Policy may not contain any exception other than (A) as were contained in the original Title Policy (but subject to clause (ii) of the prior sentence),

(B) as permitted by the Security Instrument or any of the other Mortgage Loan Documents or (C) any exception which has been approved in writing by Fannie Mae or the Fannie Mae Loan Servicer.

APPENDIX B

THE DEPARTMENT AND THE 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 Laws of Maryland 1987, effective July 1, 1987, abolished the Department of Economic and Community Development, created the Department and assigned the Administration as a unit of the Division of Development Finance of the Department.

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, the Administration and MHF is included at the end of this Appendix.

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 loan underwriting services to the Department and its other divisions and units. The Administration is a unit of the Division of Development Finance.

The Secretary, with the approval of the Governor, appoints the Deputy Secretary and the Director of the Administration, and 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 establishes 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 agencies, including the Administration. MHF is a unit of the Department assigned to the Division of Credit Assurance. Certain additional information about MHF is set forth in APPENDIX F — "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS - THE MHF INSURANCE PROGRAM."

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 Department staff in the use of computer resources.

The Division of Neighborhood Revitalization provides state and federal financial assistance including loans, grants, guaranties and state tax credits to Maryland's sustainable communities and priority funding areas; provides technical assistance programs to local governments, nonprofit organizations and small businesses to reinvest in these communities; and provides financial assistance to enable foreclosure prevention/mitigation housing and legal counseling.

The administration of the Neighborhood Business Works Program ("NBW") has been delegated by the Secretary to the Administration. NBW provides financing to small businesses and non-profit organizations that are located or expanding in communities designated for revitalization by local governments.

The Department has established a Revenue Bond Advisory Board (the "Board"). The Board 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 of other executive branch agencies of State government (one from an agency which issues revenue bonds), one representative of 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 underwriters.

The Administration pays all costs and expenses of operating its programs from earnings received from its programs financed by bond indentures and resolutions 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 7800 Harkins Road, Lanham, Maryland 20706. Inquiries for documents or concerning this Official Statement should be directed to Investor Relations at (301) 429-7897 or cdabonds_mailbox.dhcd@maryland.gov.

Principal Executive Officers

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

Jacob R. Day was appointed by the Governor as Secretary of the Department effective March 2, 2023. Mr. Day began serving as Acting Secretary on January 30, 2023 and remained in that capacity until March 2, 2023 when he was sworn into office as Secretary. Mr. Day previously served two terms as Mayor of Salisbury, Maryland, after serving on the Salisbury, Maryland City Council, most recently as President. Before becoming Mayor, he worked for the Eastern Shore Land Conservancy, most recently as Director of the Center for Towns. Mr. Day is a Major in the U.S. Army, currently assigned to the Army National Guard as an Information Operations and Special Technical Operations Officer with the 110th Information Operations Battalion. He served as the 79th President of the Maryland Municipal League, representing Maryland's 157 municipalities. He also served as one of Maryland's representatives to the Chesapeake Bay Program's Local Government Advisory Committee. Mr. Day earned a Master of Science degree in Nature, Society & Environmental Policy from Oxford University, where he graduated with distinction. He also earned a Master of Urban Design degree from Carnegie Mellon University and a Bachelor of Science degree in Architecture from the University of Maryland.

Julia Glanz was appointed in October 2023 as the Deputy Secretary for the Department. Prior to being appointed Deputy Secretary, Ms. Glanz served as the Department's Assistant Secretary for Strategic Initiatives, responsible for shaping new initiatives to achieve the policy objectives of the Department and the Governor's office. Before joining the Department, starting in 2015, she served in various positions for the City of Salisbury, including Assistant City Administrator, City Administrator, and Acting Mayor. Prior to her tenure at the City of Salisbury, she worked for the American Federation of State, County, and Municipal Employees. Ms. Glanz earned a Bachelor's degree in Business Management and Political Science and a Master's degree in Conflict Analysis and Dispute Resolution, both from Salisbury University.

Sergei V. Kuzmenchuk joined the Department as its Chief Financial Officer in June of 2015 after serving as Chief Financial Officer at the District of Columbia Housing Finance Agency (the "DCHFA") since October 2008. Prior to joining the DCHFA, he served as the Department's Deputy Director of Finance for the Administration from August 2000 until January 2006 and Director of Finance for the Administration from January 2006 until October of 2008. Prior to his work at the Department and the DCHFA, Mr. Kuzmenchuk worked in various financial management and international trade and banking capacities, both domestically and overseas. Mr. Kuzmenchuk earned his Master of Business Administration degree in Accounting in 2002 from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola University, and in 1995 earned a Master of Public Management degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park. In 1993, Mr. Kuzmenchuk received his Bachelor of Arts and Master of Arts degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus.

Joseph A. Pulver joined the Division of Credit Assurance of the Department as the Deputy Director of the Division of Credit Assurance in February 2023 and has been appointed as the Director of the Division of Credit Assurance and the Director of MHF effective as of August 1, 2023. Prior to joining the Division of Credit Assurance, Mr. Pulver worked as an Assistant Attorney General in the Office of the Attorney General of the State of Maryland assigned to the Department and the Division of Credit Assurance. Mr. Pulver has fourteen years of experience as an attorney representing primarily creditors in financial, banking and real estate workouts, litigation, and transactions, including his four years with the Office of the Attorney General, six years as a partner at Shapiro Sher Guinot & Sandler in Baltimore City, Maryland, and four years as an associate at Leitess Friedberg in Owings Mills, Maryland. Mr. Pulver has a Juris Doctorate degree and a Master of Business Administration degree from the University of Baltimore and a Bachelor of Science degree in General Business from the Robert H. Smith School of Business at the University of Maryland.

Gregory V. Hare was appointed Director of the Administration effective as of April 1, 2023, after serving as Acting Director of the Administration since December 18, 2021. Prior to his appointment as Acting Director, Mr. Hare served as Deputy Director, Programs, of the Administration, Director of Multifamily Housing Programs, and Deputy Director of Multifamily Housing Programs. Before joining the Department, Mr. Hare served as the Administrator for the Housing Authority of Baltimore City in the Rental and Assisted Housing Division. He holds a Bachelor of Science degree in Management Science from Coppin State University, an MBA from Frostburg State University and is certified as a Tax Credit Specialist and Financial Specialist by the National Center for Housing Management. In addition, Mr. Hare holds a certification in Housing Choice Voucher Executive Management from Nan McKay and Associates. He is a longtime resident of Baltimore and has worked to advance affordable housing in the region for over a decade.

Kristen Keenan Musallam was appointed Deputy Director, Bond Finance, for the Administration effective as of May 25, 2016. Ms. Musallam previously served as Director of Finance for the Administration from April 2015 until May 25, 2016. For the four years prior to her appointment as Director of Finance for the Administration, she served as Deputy Director of Finance for the Administration. Before

joining the Administration, Ms. Musallam served as the Director of Growth for KIPP DC, a network of high-performing charter schools serving low-income students, where she managed tax-exempt bond issuances and tax credit financing for the new construction and rehabilitation of school facility projects. Previously, she held the positions of U.S. Equity Research Associate and Institutional Sales Analyst with J.P. Morgan Asset Management. Ms. Musallam holds a Bachelor of Arts degree from Boston College and a Master of Business Administration degree from Harvard Business School.

Robyne Chaconas was appointed Deputy Director, Programs, for the Administration effective as of May 1, 2023. Ms. Chaconas was with the Department from 2006 to 2010, serving in several positions including Single Family Deputy Director, Legislative Liaison, and Budget Director. She rejoined the Department in 2016 as Deputy Director of Finance and Administration. She served as Chief of Staff of the Department from August 2019 to January 2022, and Chief Operating Officer of the Department from January 2022 to April 2023. From 2010 to 2016 she worked in private wealth management. She holds a Bachelor of Arts degree from University of Maryland College Park and a Master of Public Administration degree from the University of Baltimore.

Senior Staff of the Administration

Senior staff members of the Administration are as follows:

Name	Position
Alvin W. Lawson	Director, Multifamily Operations
Viorela “Maddy” Ciulu	Director, Single Family Programs
Michael C. Smith	Director of Finance for the Administration
Kenneth F. Fick	Director, Division of Finance and Administration

As of September 30, 2023, the staff of the Administration consists of approximately 196 positions and an additional 16 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, approximately 84 are currently involved in Housing Development Programs in a professional or technical capacity. Certain information relating to the senior staff who have primary responsibilities for finance and housing development programs is briefly described below.

Alvin W. Lawson was appointed Director of Multifamily Operations effective March 9, 2022. Prior to his current appointment, Mr. Lawson served as Construction Finance Team Leader and Multifamily Loan Underwriter for the Department. Before joining the Department, Mr. Lawson worked for several years as a single family loan underwriter. Mr. Lawson holds a Bachelor of Science degree in Accounting from Louisiana State University and served as a commissioned officer in the Army National Guard. Mr. Lawson also holds a certification in Rental Housing Development Finance from the National Development Council.

Viorela “Maddy” Ciulu was promoted to Director, Single Family Housing Programs effective August 29, 2016. From 2012 until her appointment as Director, Single Family Housing Programs, Ms. Ciulu served as Deputy Director, Single Family Housing Programs. Ms. Ciulu has over 18 years of experience in providing supervision and guidance to professional staff, specializing in financial analysis and loan underwriting for both commercial and institutional banking as well as lending and residential mortgage lending. Previously, she worked for four years in Asia in structured trade finance, four years in Europe in corporate finance and investment banking, and five years in Australia in corporate finance. Ms. Ciulu holds a Bachelor of Economics degree from the Academy of Economic Studies, Romania and has completed various international post-graduate and executive training programs.

Michael C. Smith was appointed Director of Finance for the Administration effective July 6, 2016. For the year prior to his appointment as Director, he served as Deputy Director of Finance for the Administration. He also served as Secondary Marketing Manager for the Administration from November 2012 until the Deputy Director appointment. Before joining the Administration, Mr. Smith served as Risk Manager for Ally Financial. He also held various positions at Freddie Mac and Fannie Mae over a 20-year period, the most recent as Execution and Market Analysis Director. Mr. Smith holds a Bachelor of Arts degree from the University of Maryland Baltimore County, and a Master of Business degree from the University of Baltimore.

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

Other Housing Programs of the Department

In addition to the Program which is financed with the proceeds of the Bonds (see APPENDIX C-1 — “THE PROGRAM”), the staff of the Administration is also responsible for a broad range of housing and other 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 or of 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 Programs. Single Family Programs include the Department’s Homeownership Programs and Special Loan Programs.

The Department’s Homeownership Programs, which are funded with State appropriations and may or may not be funded at varying levels from year to year, provide low-interest mortgages to households of limited income, refinance existing loans for homeowners under hardship circumstances, assist low-income homeowners who suffer temporary involuntary loss of income to avoid mortgage default through deferred loans, provide reverse equity mortgages for elderly homeowners, and provide settlement expense loans for households of limited income. Since February 1, 2011, the Administration has financed a substantial portion of its recent mortgage loan production through the sale of mortgage-backed securities guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation rather than through the issuance of housing revenue bonds. 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 Homeownership Programs.

Single Family Programs also administers a federally-funded weatherization assistance program and the federally-funded HOME program (“HOME”), as well as providing administrative management for the Maryland Affordable Housing Trust. Finally, the Department may provide forgivable second lien loans in conjunction with certain programs of the Department, including forgivable second lien loans used to pay

all of a borrower's outstanding student debt obligations capped at amounts as determined by the Administration.

Special Loan Programs, which are generally 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 households of limited income. Federal HOME funds may also be used to finance rehabilitation loans for households of limited income. These programs also provide loans to nonprofit organizations and individuals to purchase or construct group homes for low-income persons with special needs.

Multifamily Programs. Multifamily Programs include the Department's Rental Housing Programs and Rental Assistance Programs. The Department's Rental Housing Programs encompass a number of financing programs which support the production, rehabilitation and preservation of affordable rental housing, including the following:

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

The Rental Housing Financing Programs consist of the Rental Housing Program ("RHP"), which is funded with State appropriations, and the federally-funded HOME program. RHP and HOME provide low-interest mortgages with flexible repayment terms to increase the supply of new rental housing and to maintain and rehabilitate existing rental housing for low-income elderly and family tenants. Federal National Housing Trust Fund funds are also available for these purposes.

The Rental Housing Works ("RHW") initiative provides funding from general obligation bonds issued by the State and potentially other State appropriations to provide low-interest mortgages with flexible repayment terms to increase the supply of new or rehabilitated rental housing for low-income elderly and family tenants. These funds are available only to those projects receiving financing under the Department's Multifamily Bond Program and 4% Low-Income Housing Tax Credits. RHW loans have a 40-year term and low interest rates and are due on sale, refinancing, any voluntary or involuntary transfer of the property, or the occurrence of an event of default. Repayments are made out of no more than 75% of surplus cash.

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. Additionally, loans are made to private sector entities to provide units for very low-income individuals with disabilities. The public entities generally provide the land or funds to acquire the land and participate in the ownership and management of the properties. The properties are generally intended to remain low-income housing in perpetuity or for 40 years. Funds are required to be repaid if the low-income requirements are not enforced, the Development otherwise ceases to be operated in accordance with the Program requirements, or the loan reaches maturity.

The Department's Multifamily Energy Efficiency and Housing Affordability ("MEEHA") Program promotes energy efficiency and affordability in the State's low and moderate income multifamily rental housing developments. Under the MEEHA Program, the Department provides grants and loans for the purchase and installation of energy efficiency improvements in order to reduce a building's energy use and lower utility bills for occupants and owners. When MEEHA funds are provided as a loan, the loan typically has a 40 year term and accrues no interest, with payments of principal deferred to maturity.

The Department's Rental Assistance Programs include the Section 8 Housing Choice Voucher program, the Homelessness Solutions Program ("HSP") and the Section 811 Rental Assistance Program. Under the Section 8 Housing Choice Voucher program, the Department receives federal housing subsidy funds and has authority to serve as a public housing authority in utilizing these funds primarily in Maryland's rural jurisdictions. HSP serves as a statewide response to address the issue of homelessness in Maryland, providing technical support and funding to Continuums of Care and Local Homeless Coalitions, which coordinate funding and resources for service providers across the State. Section 811 Rental Assistance Program funds, which are federal funds administered by the Department, provide project-based rental assistance to serve very low-income non-elderly disabled adults who are Medicaid recipients.

In addition, the Department was selected by HUD as one of the performance-based contract administrators ("PBCAs") for Project-Based Section 8 Housing Assistance Payments ("HAP") Contracts for the State of Maryland. As a PBCA, the Department makes payments to property owners under 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 secure the payment of principal or interest on the Bonds.

Neighborhood Revitalization Programs

The Department operates neighborhood revitalization programs, primarily through its Division of Neighborhood Revitalization ("DNR"). DNR administers a number of federally and state financed community development programs. The administration of the Neighborhood Business Works Program ("NBW") has been delegated by the Secretary to the Administration. NBW provides gap financing to small businesses and non-profit organizations that are locating or expanding in communities designated for revitalization by local governments.

Business Lending Program

The Administration has developed a lending program to finance commercial business projects located in the State (the "Business Lending Program"). The initial contribution of funds for the Business Lending Program was made from excess moneys on deposit under the Administration's single family residential revenue bond resolution (the "Single Family Resolution"). The Administration complied with the requirements for the release of excess funds under the Single Family Resolution and cleared such withdrawal with the Rating Agencies to ensure that the withdrawal would not adversely affect the ratings of the bonds issued under the Single Family Resolution. The Administration does not intend to reimburse the Single Family Resolution for the withdrawal, and any additional withdrawals from the Single Family Resolution would only be made subject to meeting the foregoing requirements.

The Administration expects to make a withdrawal from the Bond Resolution in an amount not to exceed \$5,000,000 to make an additional contribution to the Business Lending Program. Such funds, if withdrawn, would be deposited to the General Bond Reserve Fund and would continue to be assets of the Administration until such time as they are applied to finance specific commercial business projects when the related financing closes. Any such withdrawal would be made in compliance with the Bond Resolution's requirements for withdrawals free and clear of the pledge and lien of the Bond Resolution. In

no event will the Administration make a withdrawal from the Bond Resolution which would adversely affect the ratings of the Bonds. See “SECURITY FOR THE BONDS — Certain Withdrawals from the Bond Resolution.” As with the withdrawal from the Single Family Resolution, the Administration would not expect to reimburse the Bond Resolution for any such withdrawal.

Business Disruption Risk

Certain external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Administration’s ability to conduct its business. A prolonged disruption in the Administration’s operations could have an adverse effect on the Administration’s financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Department has developed the Maryland Department of Housing and Community Development Continuity of Operations Plan (the “Plan”). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Department and the Administration and minimize disruption if an emergency threatens, interrupts or incapacitates the Department’s and the Administration’s operations, (ii) provide Department and Administration leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. No assurances can be given that the Department’s efforts to mitigate the effects of an emergency or other event will be successful in preventing any and all disruptions to its operations in the event of an emergency.

From time to time, there may be legislative proposals in the Congress and in the states that, if enacted, could alter or amend the matters referred to under this section. In addition, regulatory actions may be from time to time announced or proposed and litigation may be threatened or commenced which, if implemented or concluded in a particular manner, could alter or amend the matters referred to under this section. It cannot be predicted whether any such legislative proposals will be enacted, whether any such regulatory actions will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

Green Standards

Applicants for bond financing from the Administration must demonstrate that the development will satisfy the requirements set forth in the applicable Maryland Qualified Allocation Plan (“QAP”) and Multifamily Rental Financing Program Guide (the “Guide”). The Guide establishes base level development quality thresholds (“Development Quality Thresholds”) as minimum mandatory standards for a development to be considered for financing, including base level green and energy efficiency standards. At a minimum, developments must comply with all applicable State and local building codes, which includes the latest version of the Building and Energy Code and the accessibility code incorporated by the Maryland Codes Administration into the Maryland Building Performance Standards. The following standards are summarized from the 2020 version of the Guide (the “2020 Guide”) and/or the 2022 version of the Guide (the “2022 Guide”), with differentials noted. The 2020 Guide is applicable to the Series 2024 A Development.

Base Level Green Standards for All Developments

Demolition work must be accompanied by a demolition plan that identifies sound practices for managing waste and hazardous materials and identifies opportunities for recycling. Site work must employ Maryland Department of the Environment 2011 Standards for Soil Erosion and Sediment Control during

construction. Landscaping that includes new plantings shall utilize at least 50% native plantings (under the 2020 Guide) or 50% native or regionally adapted plantings (under the 2022 Guide), drought and disease tolerant plantings that are highly suitable for the development soil and microclimate. Where there are healthy large existing trees, developments must consider preserving mature trees in the site plan, utilize shade, windbreak and screening benefits of plantings in the project design, and protect trees during construction (under the 2020 Guide) or protect trees and root zones during construction (under the 2022 Guide). Developments must implement a construction waste recycling plan in which construction waste materials are collected, separated and recycled instead of being sent to a land fill. Low toxic, low volatile organic compound paint, primer, sealers, and adhesives and unsealed engineered or composite wood products free of added urea formaldehyde must be used. Any carpet, pad, and carpet adhesives must meet the Carpet and Rug Institute's Green Label or Green Label Plus Certification. Where new HVAC equipment is specified, there must be no use of chlorofluorocarbons ("CFC") refrigerant. For retained CFC refrigerant equipment, a comprehensive inspection, maintenance, and phase out or conversion plan must be included. Water fixtures and faucets must conserve water with toilets that use 1.28 gallons per flush or less and shower heads and bath and kitchen faucets that use 2.0 gallons per minute or less. New developments must not be located in FEMA Flood Zone Areas, except zones C or X, which are minimal risk areas.

New Construction and Gut Rehabilitation Developments

New construction, gut rehabilitation, and change in use developments must be certified under the current version of Energy Star Certified Homes or Energy Star Multifamily New Construction, each as applicable to the development type. At a minimum, developments must utilize Energy Star central or split HVAC systems for community area(s) and units. All supply ducting for split HVAC systems must be insulated under the 2020 Guide or must be sealed and insulated under the 2022 Guide. All appliances must be Energy Star qualified, including vented bathroom exhaust fans. Except for high-rise developments, windows must be Energy Star qualified windows in accordance with current Energy Star Standards as appropriate to development location.

Rehabilitation Developments

Rehabilitation developments must achieve a minimum of 15% energy savings for the rehabilitated building(s) over the existing building condition or, if a rehabilitation development previously completed an energy efficiency retrofit, and the 15% standard cannot be achieved, install all energy conservation measures that have a Savings to Investment Ratio ("SIR") of 2.0 or greater. Base level energy standards for rehabilitation developments include the installation of Energy Star qualified HVAC systems and components when HVAC systems and components are replaced. All newly installed appliances must be Energy Star qualified, including vented bathroom exhaust fans. When lighting replacement is included in the scope of work, the use of Energy Star qualified LED lighting fixtures or LED lamps is required. However, the 2022 Guide clarifies that for any lighting products not available as Energy Star certified, such as commercial lighting, fixtures and lamps approved by the Design Lights Consortium may be selected and installed instead. Energy Star qualified windows must be used when windows are replaced, except for high-rise buildings. Draft-stopping and air-sealing along with duct-sealing and insulation scopes of work must be included in the development specifications.

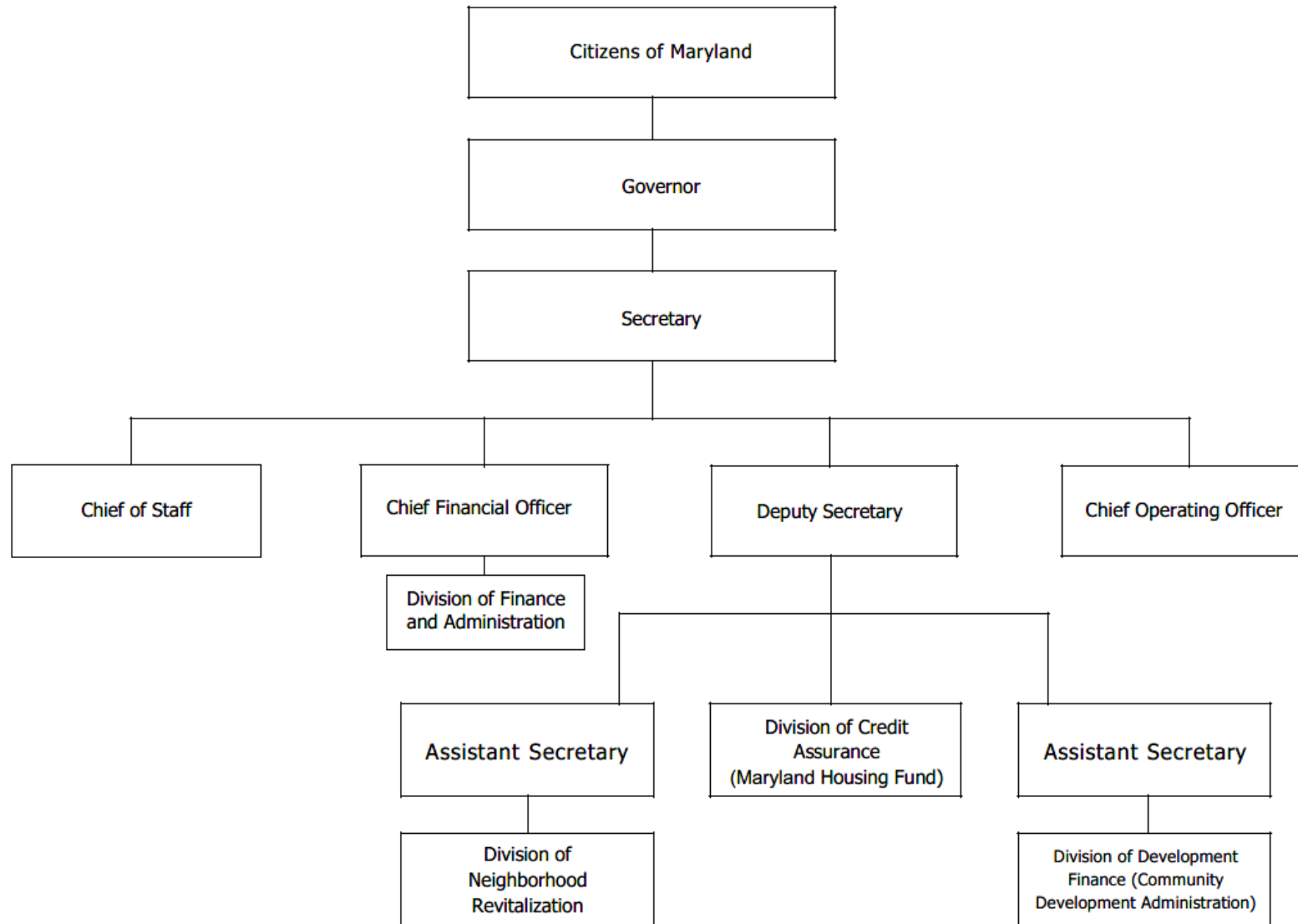
Evaluation Criteria

As part of its evaluation process the Administration will award points to developments based on the inclusion of various "green" features, with more points available to developments participating in recognized certification programs. Developments seeking the Administration's financing will receive points under the Guide's Green Features by receiving certification using green building criteria from one of the organizations listed below:

- Enterprise Green Communities – 2015 Enterprise Green Communities Criteria, as updated
- U.S. Green Building Council – LEED V4 (Leadership in Energy and Environmental Design) Homes or Homes Midrise, as appropriate to project type
- Home Innovation Research Labs – ICC-700 National Green Building Standard
- Southface – Earthcraft Multifamily V5, as updated
- Green Building Initiative – Green Globes

The Administration will award additional points to developments to encourage design features that provide comfort and energy efficiency over the extended period of the development life and that assist the Department in measuring energy conservation and sustainability outcomes. For example, points will be awarded for developments if the sponsor commits to incorporate into the scope of work all energy conservation measures (“ECM”) that result in an overall energy savings of 30% or greater over pre-retrofit levels as verified by a qualified energy auditor, or all of the ECMs having an SIR of greater than 1.0 as determined by a comprehensive energy audit, with some limitations on these points for gut rehabilitation and new construction. Additional points will be awarded for any development utilizing alternative energy (solar, geothermal, etc.) to reduce utility consumption of water heating, heating and cooling, or electric usage for common areas or tenant units.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT ORGANIZATIONAL CHART



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

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APPENDIX C-1

THE PROGRAM

Since 1974, the Administration has financed loans for the purpose of providing construction and permanent financing of rental housing developments for persons or families of limited incomes. The financing of rental housing pursuant to the Bond Resolution is the current primary activity of the Program. The Program does not currently include the financing of single family residences. Other programs of the Administration not financed pursuant to the Bond Resolution are described under APPENDIX B — “THE DEPARTMENT AND THE ADMINISTRATION — Other Housing Programs of the Department.”

Loan(s) To Be Financed with Proceeds of Offered Bonds

The proceeds of the Offered Bonds will be used to finance the Series 2024 A Loan and any Additional Loans, including, without limitation, participations therein. See “INTRODUCTION — Use of Proceeds of Offered Bonds.” Additional information about the Series 2024 A Development is set forth in Table D-1 of APPENDIX D — “DESCRIPTION OF LOANS AND DEVELOPMENTS.”

The Administration has designated the Offered Bonds as Sustainability Bonds based on the intended use of proceeds of the Offered Bonds to finance Loans for Developments that are expected to provide affordable housing and include energy efficiency standards and features. See “SUSTAINABILITY BONDS DESIGNATION” herein.

Existing Portfolio

As of September 30, 2023, the Administration had outstanding under the Bond Resolution (a) eighty-six Loans for seventy-one Rental Housing Developments (excluding Group Home Loans), which had a total outstanding principal balance of \$461,296,698; and (b) forty Group Home Loans having an outstanding principal balance of \$4,370,789.

APPENDIX D sets forth information on each of the Developments currently financed or intended to be financed with the proceeds of Bonds (including the Offered Bonds). See “Description of Types of Loans Under the Program — *Group Home Loans*” herein for a description of the Group Homes financing program. APPENDIX F — “MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM” sets forth information about the MHF and the loans insured by the MHF which are in default. As of September 30, 2023, there were no Rental Housing Developments or Group Home Loans in default. See APPENDIX D, Table D-4.

Description of Types of Loans Under the Program

Rental Housing. Under the Program’s rental housing component, the Administration has made Loans or purchased Guaranteed Securities (1) to provide financing for acquisition, rehabilitation, or construction of rental housing Developments, and (2) to provide permanent financing of rental housing Developments.

Group Home Loans. Under its Special Housing Opportunities Program (“SHOP”), the Administration made Loans to non-profit organizations qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or to governmental entities. Group Home Loans financed acquisition, rehabilitation, new construction or refinancing of Group Homes. At the time the Loan is made, the sponsor of a Group Home must have a contract to receive governmental subsidies for the care of the residents. In

addition, a sponsor that is managing the project must generally be licensed by the State and have at least two years of prior experience managing and operating similar facilities. Alternatively, a sponsor can contract with a licensed management agent that has at least two years of prior experience. As is the case with many contracts with the State, a sponsor's contract for governmental subsidies generally has a term of one year, and there can be no assurance that a sponsor's contract will be renewed.

Occupancy of these Group Homes varies from 2 to 12 individuals, with average occupancy of approximately three individuals. Most Group Homes are located in single family residences modified for group housing purposes.

Loan Underwriting and Processing

Loans are generally underwritten, processed and closed in accordance with the procedures governing FHA Loans and Guaranteed Securities. The Administration performs most of the underwriting and processing of Loans financed under the FHA Risk-Sharing Program and Loans for Group Homes financed under the SHOP program. Otherwise, the Administration performs a limited independent review.

Loan Provisions

The Bond Resolution requires that each Loan shall conform to the following terms, conditions, provisions and limitations, except to the extent, if any, that a variance therefrom is either pursuant to Credit Enhancement of such Loan or, if the Loan is not Credit Enhanced, required or permitted by the Administration:

Code Requirements. If the Loan is to be funded with the proceeds of Tax-Exempt Bonds, the proceeds of the Loan must be expended solely for payment of costs of a Development, subject, as applicable, to the requirements of Section 103(b)(4)(A) of the 1954 Code, Sections 142(d) or 145 of the 1986 Code, or any other provision of the Code.

Mortgage Lien. If the Loan is secured by a Mortgage, the Mortgage and complementary financing statements, if required by the Administration or any Credit Enhancer, shall be executed, recorded and filed in accordance with law, so as to create and constitute a valid mortgage lien on the real property and improvements constituting the Development for which the Loan is made. Such real property and improvements may be held either as a fee simple or a leasehold interest. **The Bond Resolution does not require that each Loan be secured by a Mortgage.**

Title Insurance. The Administration, or the Trustee if the Administration is the Borrower, shall receive evidence of a mortgagee's title insurance policy insuring that the Mortgage is a lien on the Development financed by the Loan (which lien may be subject to prior liens), subject to liens for taxes and assessments and such other liens, encumbrances, reservations and imperfections of title as, in the judgment of the Administration, do not materially impair the use or value of the premises or as to which appropriate steps, in the judgment of the Administration, have been taken to secure the interest of the Administration or the Trustee. **The Bond Resolution does not require that the lien of each Loan secured by a Mortgage be a first or prior lien superior to any other mortgage or other liens.**

Insurance Coverage. The Administration, or the Trustee if the Administration is the Borrower, shall receive evidence that the Development is insured against loss from fire, casualty and other hazards as the Administration may require.

Credit Enhancement. All or a portion of the Loan may be (but is not required to be) credit enhanced in accordance with the provisions therefor set forth in the Series Resolution authorizing a particular Series of Bonds. **The Bond Resolution does not require that each Loan be secured by Credit Enhancement.**

Loan Terms. The Loan shall be in an amount, bear interest at a rate, and amortize over such term, all as provided for such Loan in the most recent Cash Flow Statement (which terms may not be varied by the Administration unless such variance is in accordance with the requirements or assumptions for such Loan as set forth in the most recent Cash Flow Statement).

Prepayment. The Administration may, but is not required to, include in each Loan (other than Group Home Loans) a provision prohibiting the Borrower from prepaying a Loan for a period at least equal to the period during which the Series of Bonds financing such Loan are not subject to optional redemption without the consent of the Administration and the mortgage insurer or Credit Enhancer of the Loan. **Under certain circumstances involving defaulted Loans, FHA may direct the prepayment of the defaulted Loan in order to avoid a mortgage insurance claim.** See APPENDIX H — “SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.”

Multiple Financings for a Development and Defaults. In addition to one or more Loans, a Development may have financing from other programs of the Administration or from programs of the Department, the federal government or other public or private lenders (collectively, “Additional Financing”). The occurrence of a default with respect to any Additional Financing, to the extent the provider thereof has a lien on a Development, may result in the occurrence of a default on any Loan also made to finance such Development. Likewise, the occurrence of a default on any Loan made to finance a Development may result in a default under Additional Financing to the extent the provider of such Additional Financing has a lien on the Development.

Transferred Loans acquired with the proceeds of the Series 1996 A Bonds and the Group Home Loans acquired with the proceeds of the Series 1996 B Bonds are subject to prepayment at the option of the respective Borrowers at any time.

Reserve Fund for Replacements. Under the regulatory agreements for the Rental Housing Program Loans, each Borrower must deposit a specified monthly amount into a reserve for replacements to fund improvements or repairs to the Development. The Administration’s current policy provides that the minimum annual amount to be deposited into the reserve for replacements will be \$300 per unit plus any additional amount required by an engineer’s report. The amount required to be deposited into the reserve for replacements may be more or less than the amount specified above, as agreed to by the Borrower, the Administration, and a Credit Enhancer or other lender for the Development. These policies and procedures may not be applicable to, or the deposit amount may be lower with respect to, Transferred Loans and certain older Rental Housing Program Loans.

Asset Management

Asset management for Developments is provided to the Administration by the Division of Credit Assurance (“Asset Management”).

With respect to each Development, Asset Management:

- (1) conducts a pre-occupancy review and conference with the owner to establish reporting requirements and procedures;

- (2) performs, or obtains from an acceptable third party, an annual physical inspection and on-site management review, including verification of compliance with income restrictions concerning tenants;
- (3) annually reviews audited financial statements and escrow levels;
- (4) reviews operating statements for marginally performing Developments on a monthly or quarterly basis;
- (5) monitors the status of letters of credit, guarantees, and reserves, including reserves for replacement;
- (6) reviews and acts upon requests as required for rent increases, changes in developer return on equity, and disbursements from reserves;
- (7) analyzes performance, including delinquencies and creates and implements corrective action plans; and
- (8) makes recommendations to the Secretary and implements Departmental decisions on disposition, workout or foreclosure plans.

Asset Management performs a risk rating in order to identify Developments facing potential financial difficulties at an early stage. Regular meetings are held with management of each Development identified as a marginal performer in order to develop and implement corrective action.

Income Limits

Department Policy. During the term of a Loan or Guaranteed Security, the Act requires that a Development satisfy the requirements of a “community development project” or a “public purpose project,” both as defined in the Act. For a community development project, at least 51% of the units in a Development must be occupied or held available for occupancy by persons or “families of limited income,” as defined in the Act. The Secretary establishes income limits for families of limited income by written determination after taking into consideration factors including (1) the amount of total income of such families available for housing needs, (2) the size of the family, (3) the cost and condition of housing facilities available, (4) the ability of such families to compete successfully in the normal private housing market, and (5) standards and definitions established for pertinent federal housing programs. Units restricted pursuant to federal law (as described below under *Federal Tax Law*) count towards meeting the State occupancy and income restrictions imposed by the Secretary pursuant to the Act. The number of units comprising the difference between the percentage of federally restricted units in a Development and the percentage required to be restricted under the Act (51%) are restricted to the State’s income limits as set forth in the Secretary’s determination (for example, if 20% of the units are federally restricted, then 31% of the units are subject to the State limits). The current Secretary’s determination establishes the following applicable income limits (subject to certain exceptions): (1) for one person, 68% of the greater of area or statewide median income for four person households as established by HUD and (2) for two or more persons, 85% of the greater of area or statewide median income for four person households as established by HUD. HUD, from time to time, establishes and publishes the applicable area or statewide median income information.

For a public purpose project, a substantial part of a Development must include new or existing housing, a percentage of which must be occupied by families of limited income. The income limits are set by the Secretary as described above. A public purpose project will also be subject to the low-income

set-aside requirements of federal law, as described below. A Development that is a public purpose project that complies with the tax-exempt bond and low-income housing tax credit requirements under federal law will also meet the State income restrictions governing public purpose projects.

Transferred Loans were originated under the Department's income limits in existence at the time such Loans were originally financed.

Federal Tax Law. In addition to the requirements of the Act and the occupancy requirements of the preceding paragraph, all Developments containing rental housing units financed or expected to be financed with the proceeds of Bonds the interest on which is intended to be excludable from gross income for federal income tax purposes (except Developments, if any, that were in the development stage on April 24, 1979, and Group Homes) are required to meet certain requirements set forth in Section 142(d)(1) of the 1986 Code, or Section 103(b)(4)(A) of the 1954 Code, as applicable. Group Homes are required to comply with the requirements of Section 145 of the 1986 Code. These requirements are more fully described in this Official Statement under "TAX MATTERS." Developments financed with the proceeds of Bonds are also subject to income, occupancy and other like restrictions under the Program, other State financing programs (if applicable) and in connection with the allowance of tax credits under Section 42 of the 1986 Code. Pursuant to Section 42 of the 1986 Code, an owner of a Development must elect one of the following minimum set aside requirements: (1) 20% of the units for households at or below 50% of area median income, (2) 40% of the units for households at or below 60% of area median income, or (3) 40% of the units for households at or below 80% of area median income, provided that the average income for the restricted units does not exceed 60% of area median income.

Certain Developments financed with the proceeds of Bonds receive rental subsidy payments, and thus are subject to income limit restrictions which may be in addition to those required by the Act, the 1986 Code or the 1954 Code. Developments receiving rental subsidy payments are identified in APPENDIX D. More detailed information on the rental subsidy programs can be found in APPENDIX G — "FEDERAL HOUSING SUBSIDY PROGRAMS."

Factors Affecting the Mortgage Loans

Any mortgage financing has certain inherent risks.

Insurance by MHF. A portion of the Loans is insured by MHF. In early 1997, MHF ceased issuing new insurance commitments (except for pool insurance on single family mortgage loans subject to FHA primary insurance), in part as a result of concerns expressed by Moody's during 1996 and 1997. In 2002, MHF began insuring Group Home Loans, and 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, in addition to Loans with Credit Enhancement under the FHA Risk Sharing Program. Moody's has advised the Administration that such a reopened program, implemented in the limited manner proposed by the Administration, would not affect the Moody's rating on the Administration's bonds, including the Bonds. For more information relating to MHF, see APPENDIX F — "MORTGAGE INSURANCE AND GUARANTEE PROGRAMS — THE MHF INSURANCE PROGRAM," APPENDIX J-1 — "AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND," and APPENDIX J-2 — "UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND."

Assumptions. In estimating the amounts of moneys available to pay principal of and interest on the Bonds, a number of assumptions were made, including the assumptions that (1) payments of principal of and interest on the Mortgage Loans and Guaranteed Securities will be available on a timely basis, (2) no significant Prepayments or Recovery Payments of Loans and Guaranteed Securities will be made from casualty insurance or condemnation proceeds or otherwise, which result in the Administration's having to

redeem Bonds, since such proceeds may not be sufficient to pay the principal amount of Bonds allocable to such Loans and Guaranteed Securities, (3) working capital and construction completion assurances will be adequate, (4) cost overruns, if any, will be adequately financed with contingency allowances, if any, established for such purpose or with other moneys of the Borrowers or the Administration including, if necessary, the proceeds of additional Bonds, and (5) the Developments financed with the proceeds of the Bonds will be completed and rented substantially in accordance with their respective construction and rent-up schedules and will achieve the projected rent levels. No assurance can be given that actual receipts will correspond with estimated revenues.

General Factors. The ability of the Borrowers to make the required payments on the Loans is affected by a variety of factors, including (1) the achievement and maintenance of a sufficient level of occupancy, (2) sound management of the Developments, (3) timely receipt of rental assistance payments (see “*Rent Subsidies*” under this heading) or governmental subsidies for Developments receiving such payments, (4) for Group Homes, the continuation of annual subsidies, (5) increases in rents to cover increases in operating expenses, including taxes, utility rates and maintenance costs and changes in applicable laws and governmental regulations, and (6) for Developments containing rental units which are not all the subject of subsidy payments, the ability to charge sufficient rents on the non-subsidized units so that the rents on the restricted units will be at a level which is affordable by persons and families of limited income as established by the Secretary (including persons and families of the applicable incomes as required by Section 142(d)(1) of the 1986 Code or Section 103(b)(4)(A) of the 1954 Code, as applicable, or as further limited by the Secretary).

Certain Developments containing rental housing units which are expected to operate at a loss during the initial years following rent-up are required to establish escrows and to pledge certain funds to be received in the future which may have included a portion of the proceeds of the syndication of the equity interest in such Developments. The Administration relies upon the receipt of pledged funds in determining the feasibility of such Developments. Although the Administration conducts its own feasibility studies for Developments financed with Loans insured by MHF, the Administration substantially relies upon FHA for the determination of the feasibility of the Developments financed with Loans insured by FHA, including the acceptability of the sites and recognition of specific market needs. For Loans with Credit Enhancement under the FHA Risk-Sharing Program, the Administration, pursuant to delegated authority from HUD, determines feasibility consistent with the applicable underwriting requirements of HUD under the FHA Risk-Sharing Program.

No Cross Default Provisions. If a Borrower fails to make timely payment on its Loan, 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 such Loan does not constitute a default with respect to any other Loan. 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 Loan. Under such circumstances, neither the Administration nor the Trustee has the right to demand payment of or to accelerate payment of any Loan not in default.

Rent Subsidies. The ability of the Administration to pay the principal of and interest on the Bonds is dependent in part upon the timely receipt of Section 8 or other housing assistance payments for Developments entitled to such payments and governmental subsidies for Group Homes. If (1) operating costs increase substantially where HUD or other provider of a rental subsidy has not permitted corresponding increases in rent levels or housing assistance payments on a timely basis, (2) tenants are unable to pay increased tenant rental charges which are approved, (3) substantial reductions occur in occupancy, or (4) there is a reduction, loss or termination of housing assistance payments or governmental subsidies, there may be a likelihood of a default in one or more of the Loans, assignment of such Loans to FHA or MHF, and redemption of a portion of the Bonds.

In addition, the term of a Loan may exceed the maximum term of the contract for rental assistance payments. If at the end of the term of the contract for payments (and the contract is not extended, renewed or replaced) the owner is unable to lease units in the Development at rentals which produce revenues equivalent to those which would have been received if the term of the contract had been extended, there may be insufficient revenues to pay the principal of and interest on a Loan, causing a default, assignment to FHA or MHF and the redemption of a portion of the Bonds. Additional factors relating to the rental subsidy programs are described in APPENDIX G.

Nonrecourse Loans. Generally, Loans are made without recourse to the Borrower or its partners. The Administration may require guaranties from the developer, partners or other principals of the Borrower in connection with any construction work to be performed on a Development. Following successful completion of such work, however, neither the Borrower nor its partners are personally liable for payments on the note evidencing the Loan. Therefore, the Administration's recourse is limited to its lien on the Development.

Exercise of Legal Remedies. The ability of the Administration, the Department or any mortgage insurer or Credit Enhancer to enforce its rights or exercise its remedies upon default under a Loan is dependent upon regulatory and judicial actions, which may be subject to discretion and delay. Under existing law and judicial decisions (including laws relating to bankruptcy), the remedies provided for under the Loan documents may not be readily available or may be limited. The Administration's interest, however, is protected to the extent of the available Credit Enhancement.

Environmental Factors. Currently, a "Phase I" environmental assessment is required for Developments financed with the proceeds of Loans (except for Group Home Loans), and the Administration reviews these assessments in order to determine whether hazardous or toxic wastes exist on the property where a Development will be located. Because the practice of obtaining Phase I environmental assessments as a condition to financing has not always been industry practice, some older Loans may lack such assessments. In the event of a default under a Loan, it is the practice of the Administration to undertake such an assessment prior to taking possession of a defaulted Development. If problems are identified, the Administration may decline to take possession of a defaulted Development due to potential costs to remedy or correct any identified problems, which costs can be significant. Furthermore, it is uncertain whether a mortgage insurer would pay a claim under such circumstances.

Geographic Factors. Loans financed under the Program are located throughout the State. The city or county in which each Development is located is described in APPENDIX D. The ability of a Development to generate sufficient rents to make Loan payments is dependent, in part, on both local and statewide economic conditions, including employment levels of local industries and businesses. In addition, the ability of a Development to generate rents sufficient to pay debt service will be affected by general rent levels for similar competing developments, location of the Development, competing multifamily rental developments, amenities offered by the Development as compared with competing developments, and the need for routine or extraordinary repairs and maintenance of the Development. The continued feasibility of each Development may depend in part upon its neighborhood. Adverse changes may occur from time to time in neighborhoods, and if such changes occur, the occupancy level of affected Developments may be reduced.

The following table sets forth as of September 30, 2023 for each county of the State and Baltimore City, the number of Rental Housing Developments, units within such Rental Housing Developments, and, on an aggregate basis, the outstanding principal balance of Loans. This table excludes Group Home Loans.

Distribution of Developments by County as of September 30, 2023

<u>County</u>	<u>Number of Developments</u>	<u>Number of Units</u>	<u>Units as Percent of Total</u>	<u>Current Loan Amount</u>	<u>Percentage of Total Outstanding Loan Amount</u>
Allegany County	1	77	1.11%	\$ 3,649,944	0.79%
Anne Arundel County	3	444	6.39	13,929,854	3.02
Baltimore City	14	1,428	20.53	91,038,379	19.74
Baltimore County	6	660	9.49	32,400,081	7.02
Calvert County	1	67	0.96	3,312,642	0.72
Caroline County	1	88	1.27	1,837,909	0.40
Carroll County	1	82	1.18	3,269,499	0.71
Cecil County	8	572	8.23	28,190,463	6.11
Frederick County	5	361	5.19	46,930,641	10.17
Harford County	4	283	4.07	17,729,587	3.84
Howard County	5	411	5.91	34,752,737	7.53
Kent County	2	101	1.45	7,704,863	1.67
Montgomery County	4	415	5.97	33,818,992	7.33
Prince George's County	5	1,028	14.78	99,547,533	21.58
Queen Anne's County	1	54	0.78	4,428,512	0.96
Somerset County	1	60	0.86	1,992,980	0.43
St. Mary's County	1	128	1.84	6,133,002	1.33
Talbot County	2	168	2.42	5,061,898	1.10
Washington County	1	72	1.04	6,230,000	1.35
Wicomico County	4	354	5.09	17,792,250	3.86
Worcester County	1	100	1.44	1,544,934	0.34
Totals:⁽¹⁾	71	6,953	100.00%	\$461,296,698	100.00%

⁽¹⁾ Amounts and percentages may not total exactly due to rounding.

APPENDIX C-2

SUSTAINABILITY BONDS DESIGNATION

Certain Series of Bonds may be designated as Sustainability Bonds (the “Sustainability Bonds”) based on the intended use of proceeds of such Bonds to finance a Loan for a Development that is expected to provide affordable housing and include energy efficiency standards and features, or to refund prior bonds that have provided affordable housing incorporating energy efficiency standards and features. As described below, the Sustainability Bonds designation reflects the intended use of proceeds of such Bonds in a manner that is intended to generally comport with the “*Green Bond Principles: Voluntary Process Guidelines for Issuing Green Bonds*,” “*Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds*,” and “*Sustainability Bond Guidelines*” as promulgated by the International Capital Market Association (“ICMA”). By reference to the ICMA’s “*Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals*,” the Administration determines that the Administration’s Sustainability Bonds designation reflects the use of the proceeds in a manner that is consistent “Goal 1: No Poverty,” “Goal 7: Affordable and Clean Energy,” and “Goal 11: Sustainable Cities and Communities,” of the United Nations 17 Sustainable Development Goals (referred to as “UNSDGs,” generally, and “SDG 1,” “SDG 7,” and “SDG 11,” specifically). The ICMA’s “*Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals*” maps SDG 1.4 to Social Bond Principle “Affordable Housing,” SDG 7.3 to Green Bond Principle “Energy Efficiency,” and SDG 11.1 to Social Bond Principles “Affordable Housing” and “Affordable Basic Infrastructure.”

Use of Proceeds. The proceeds of the Offered Bonds are expected to fund the Series 2024 A Loan as described in APPENDIX D – “DESCRIPTION OF LOANS AND DEVELOPMENTS – The Series 2024 A Development and the Series 2024 A Loan.”

Project Evaluation and Selection. To further the Administration’s mission to meet the shortage of adequate, safe and sanitary housing in the State, for households of limited incomes, certain Loans are funded pursuant to the Administration’s longstanding affordable rental housing program and loan commitment process for developments with an award of LIHTC and unit set asides. Loan applicants must satisfy the Administration’s standards for closing that include base level green and energy efficiency standards. Each Loan made from proceeds of the Sustainability Bonds has satisfied the loan underwriting standards under the Administration’s Development Quality Thresholds, and is expected to receive, or has received, LIHTC. See APPENDIX B – “THE DEPARTMENT AND THE ADMINISTRATION – Green Standards” for additional information on the Administration’s Development Quality Thresholds.

Management of Proceeds. Net of certain transaction costs, the proceeds of the Offered Bonds will be deposited in segregated accounts under the Bond Resolution and invested in Permitted Investments as permitted by the Bond Resolution until disbursed to finance advances of the Series 2024 A Loan. Such disbursements will be tracked by the Administration. See APPENDIX A-1 - “DEFINITIONS FROM THE RESOLUTIONS.”

Post-Issuance Reporting. For each Loan financed by the Sustainability Bonds, the Administration expects to provide annual updates, within 120 days of the end of each fiscal year of the Administration, commencing with the fiscal year ended June 30, 2024, regarding the disbursement of the proceeds of the Sustainability Bonds for the financing of such Loan. The Administration will cease to update such information with respect to a particular Loan when the applicable Loan has been fully funded. This reporting is separate from the Administration’s obligations described in “CONTINUING DISCLOSURE” in this Official Statement. Failure by the Administration to provide such updates is not a default or an event of default under the Resolutions or the Continuing Disclosure Agreement. The Administration expects that such annual updates will consist of the information outlined in “FORM OF SUSTAINABILITY BONDS

ANNUAL REPORTING” herein. The specific form and content of such updates are in the absolute discretion of the Administration. Once all proceeds of the Sustainability Bonds have been disbursed, no further updates will be provided.

Designation Does Not Involve Provision of Additional Security or Assumption of Special Risk. The term “Sustainability Bonds” is neither defined in nor related to provisions in the Bond Resolution. The use of such term in this Official Statement and in the Sustainability Bonds is for identification purposes only and is not intended to provide or imply that an owner of Bonds so designated, including the Sustainability Bonds, are entitled to any additional security beyond that provided therefor in the Bond Resolution. Holders of the Sustainability Bonds do not assume any specific risk with respect to any of the funded loans by reason of the Sustainability Bonds being designated as Sustainability Bonds, and such Sustainability Bonds are secured on parity with all other Parity Bonds issued and to be issued under the Bond Resolution.

The information set forth herein concerning the designation of the Offered Bonds as “Sustainability Bonds” has been furnished by the Department and by other sources that are believed to be reliable. It should be noted that there is currently no clearly articulated definition of (legal, regulatory, or otherwise), nor market consensus as to what constitutes a “sustainability bond” or an equivalently labeled program. Nor is there an agreed upon standard as to what precise attributes are required for a particular program to be defined as “sustainability” or such other equivalent label. No assurance can be given that a clear definition will develop over time, or that, if developed, will include the program to be financed with the proceeds of the Offered Bonds. Accordingly, no assurance is or can be given to investors that any uses of the Offered Bonds will meet investor expectations regarding “sustainability” or other equivalently labeled performance objectives.

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FORM OF SUSTAINABILITY BONDS ANNUAL REPORTING*

Development Name (New Construction/ Rehabilitation)	Development Location	4% LIHTC Awarded	Anticipated Population Served or Elected % AMI	Environmental Attributes	Bond Proceeds Disbursed (\$) as of June 30, ____	Bond Proceeds Disbursed (%) as of June 30, ____
[]	[City, County, Zip Code]	[Yes/No]	[≤ __% AMI]	[Insert Description]	[\$ ____]	[____%]

*Once an applicable Loan has been fully funded or all related bond proceeds disbursed, no further annual updates regarding such Loan will be provided.

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APPENDIX D

DESCRIPTION OF LOANS AND DEVELOPMENTS

The Series 2024 A Development and the Series 2024 A Loan

The Series 2024 A Development is rehabilitation consisting of 100 units, including 10 efficiency units and 90 one-bedroom units in one eleven-story building located in Cumberland, Allegany County, Maryland. All units of the Series 2024 A Development are expected to be reserved for households at or below 60% of area median income. The Series 2024 A Development is located in downtown Cumberland, which provides an array of recreational uses, restaurants, shopping, access to major employers, and other amenities. The nearest bus stop is located in front of the entrance of the Series 2024 A Development and provides bus services to downtown Cumberland and other destinations in western Maryland.

The Series 2024 A Borrower has received an award of LIHTC for the Series 2024 A Development. As a recipient of an LIHTC award and a Loan, the Series 2024 A Development is expected to satisfy the Development Quality Thresholds of the Guide, including base level green and energy efficiency standards. The Series 2024 A Borrower also expects to follow and/or implement the Expected Green Building Standards and Features set forth in Table D-1-2 “Series 2024 A Development – Sustainability Standards” below.

The following tables set forth additional information about the Series 2024 A Development.

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Table D-1-1: Series 2024 A Development and Series 2024 A Loan

<u>Name</u>	<u>Location</u>	<u>Owner</u>	<u>No. of Units</u>	<u>Credit Enhancement</u>	<u>Subsidy</u>	<u>Number of Subsidized Units</u>	<u>Long-Term / Short-Term Maturity Dates</u>	<u>Long-Term / Short-Term Interest Rates</u>	<u>Expected Construction Completion Term¹</u>	<u>Permanent Loan Period Commencement Date</u>	<u>Long-Term / Short-Term Maximum Aggregate Principal Amounts</u>
JFK Apartments ²	Cumberland, Allegany County, MD 21502	JFK Apartments, LP ³	100	FHA Risk-Sharing Program	Section 8 ⁴	100	May 1, 2066 May 1, 2026	5.380% 3.525%	22 months	May 1, 2026 ⁵ N/A	\$6,690,000 ⁶ \$7,850,000

¹ The expected date of construction completion for the Series 2024 A Development includes four months for submission and initial review of cost certification.

² The Series 2024 A Loan will finance rehabilitation.

³ On or about the Delivery Date, the Series 2024 A Borrower will deliver an irrevocable, standby letter of credit issued by First United Bank & Trust (draws under which will be supported by a confirming letter of credit issued by the Federal Home Loan Bank of Atlanta), permitting draws thereunder by the Trustee in the amount of \$414,196 to the extent amounts in the Revenue Fund are insufficient to pay interest on the Offered Bonds on any Interest Payment Date prior to commencement of principal amortization of the Series 2024 A Loan.

⁴ The Series 2024 A Borrower is expected to enter into a HAP contract under the Rental Assistance Demonstration Program with HUD with respect to all 100 units of the Series 2024 A Development. Pursuant to the HAP contract, HUD provides Section 8 rental subsidies to the Series 2024 A Borrower in an amount equal to the difference between the approved rent for a particular assisted unit and the required rental contribution from an eligible tenant of the Series 2024 A Development.

⁵ The permanent loan period of the Series 2024 A Loan’s long-term amount will be 40 years.

⁶ During the permanent loan period, the principal of the Series 2024 A Loan’s long-term amount will be amortized using a 40-year term, with a final payment due on May 1, 2066.

Table D-1-2: Series 2024 A Development – Sustainability Standards

Project Name	Location (City, County, Zip Code)	Physical Structure	Units	Expected Unit Set-Aside Breakdown At or Below									LIHTC Allocation	Expected Green Building Standards and Features
				25% AMI	30% AMI	40% AMI	50% AMI	60% AMI	80% AMI	90% AMI	100% AMI	110% AMI		
JFK Apartments (Rehabilitation)	Cumberland, Allegany County, MD 21502	one 11-story building	100		9			91					Yes	National Green Building Standards: Bronze Certification, Energy Star appliances and light fixtures, EPA Water Sense faucets and fixtures, and high efficiency 21-IEER mechanical systems.

Table D-2

Developments Currently Financed with the Proceeds of Prior Series of Bonds

Multifamily Projects

Name	Footnote	Location	Owner/ Developer	Subsidy	No. of Units (5)	No. of Subsidized Units	Total Subsidy Term (Months)	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate	Original Mortgage Loan Balance Amount	Scheduled Loan Balance as of 09/30/2023	Current Loan Balance as of 09/30/2023	Reserve For Replacements as of 09/30/2023	Occupancy (2)	Inspection Rating (3)	Bond Series
Alcott Place Apt	15, 22	Baltimore City	Alcott Place, LLC	None	51	0	0	RISK SHARE	480	380	4.95%	\$1,270,000	\$1,165,897	\$1,165,897	\$29,848	96%	Above Average	HRB2014B
Brookmeadow Apts.	4, 9, 11, 15, 22	Kent County	Brookmeadow Preservation, LP	USDA	67	43	0	RISK SHARE	480	480	3.38%	\$2,660,000	\$2,660,000	\$2,660,000	\$144,332	95%	Under Const.	HRB2021C
Brookmeadow Apts.	4, 9, 11, 15, 22	Kent County	Brookmeadow Preservation, LP	USDA	0	0	0	RISK SHARE	24	3	0.88%	\$4,070,000	\$4,070,000	\$4,070,000	\$0			HRB2021C
Brookside Station	4, 15, 22	Harford County	Pax Edwards, LLC	USDA	56	39	0	RISK SHARE	480	408	4.60%	\$2,840,000	\$2,669,230	\$2,669,230	\$245,153	96%	Satisfactory	HRB2016A
Canton Overlook	9, 11, 15, 21	Baltimore City	Canton Overlook Partnership LLC	None	150	0	0	RISK SHARE	204	204	5.14%	\$17,330,000	\$17,277,204	\$17,277,204	\$0	0%	New Const.	HRB2022A
Canton Overlook	9, 11, 15	Baltimore City	Canton Overlook Partnership LLC	None	0	0	0	RISK SHARE	23	9	3.25%	\$5,375,000	\$5,375,000	\$5,375,000	\$0			HRB2022A
Catoctin View Apts.	6, 7	Frederick County	Catoctin View Homes, LLC	Section 8	76	76	0	GNMA	480	460	3.48%	\$10,315,000	\$10,110,991	\$10,110,991	\$0	100%	Above Average	HRB2020A
Cherry Hill Senior	9, 11, 15, 22	Baltimore City	Cherry Hill Senior Housing Preservation, LLC	Section 8	81	60	0	RISK SHARE	480	480	5.68%	\$3,610,000	\$1,189,571	\$1,189,571	\$0	0%	Under Const.	HRB2023A
Cherry Hill Senior	9, 11, 15, 22	Baltimore City	Cherry Hill Senior Housing Preservation, LLC	Section 8	0	0	0	RISK SHARE	18	13	3.575%	\$5,590,000	\$5,590,000	\$5,590,000	\$0			HRB2023A
Chestertown Cove Apts.	4, 15, 22	Kent County	Chestertown Cove Perservation, LP	USDA	34	31	0	RISK SHARE	480	415	4.60%	\$1,030,000	\$974,863	\$974,863	\$296,296	94%	Satisfactory	HRB2016A
Coleman Manor Apartments	6, 7	Baltimore City	Homes for Wallbrook Limited Partner	Section 8	50	49	480	GNMA	480	296	5.41%	\$1,126,400	\$937,093	\$937,093	\$0	90%	Above Average	HRB2007A
Cottages at River House Phase IV	15, 22	Wicomico County	Blackburn Housing IV LP	None	36	0	0	RISK SHARE	480	393	4.60%	\$1,990,000	\$1,840,986	\$1,840,986	\$86,895	97%	Above Average	HRB2015A
Crestwood Manor 4	9, 11, 15, 21	Frederick County	Crestwood Apts.	None	60	0	0	RISK SHARE	204	204	5.87%	\$9,095,000	\$9,022,907	\$9,022,907	\$0	0%	New Const.	HRB2022C
Crestwood Manor 4	9, 11, 15	Frederick County	Crestwood Apts.	None	0	0	0	RISK SHARE	25	16	3.775%	\$2,135,000	\$0	\$0	\$0			HRB2022C
Eagle Park Vistas	9, 11, 15, 22	Anne Arundel County	Eagle Park Senior LLC	None	72	0	0	RISK SHARE	480	480	5.32%	\$6,555,000	\$1,595,263	\$1,595,263	\$0	0%	New Const.	HRB2023C
Eagle Park Vistas	9, 11, 15, 22	Anne Arundel County	Eagle Park Senior LLC	None	0	0	0	RISK SHARE	24	23	3.775%	\$6,350,000	\$0	\$0	\$0			HRB2023C
Elk Chase Apts.	9, 11, 15, 21	Cecil County	Elk Chase Preservation LLC	None	126	0	0	RISK SHARE	204	204	5.09%	\$7,820,000	\$5,128,310	\$5,128,310	\$0	0%	Under Const.	HRB2023C
Elk Chase Apts.	9, 11, 15	Cecil County	Elk Chase Preservation LLC	None	0	0	0	RISK SHARE	24	23	3.775%	\$4,680,000	\$0	\$0	\$0			HRB2023C
Elk River Manor	4, 15, 22	Cecil County	New Elk River Manor, LLC	USDA	55	25	0	RISK SHARE	480	423	4.20%	\$1,750,000	\$1,661,343	\$1,661,343	\$81,248	96%	Above Average	HRB2017C
Essex House Apartments	15, 22	Montgomery County	Essex House, LLC	None	135	0	0	RISK SHARE	480	379	5.20%	\$10,855,000	\$10,001,962	\$10,001,962	\$153,874	96%	Satisfactory	HRB2013F
Fairbrooke Senior Apts	15, 22	Harford County	MD HA Fairbrooke LLC	Section 8	122	24	0	RISK SHARE	480	385	4.34%	\$6,525,000	\$5,951,761	\$5,951,761	\$268,561	93%	Above Average	HRB2014D
Fairview Apartments	15, 22	Cecil County	Fairview Preservation, LLC	None	75	0	0	RISK SHARE	480	464	3.32%	\$5,540,000	\$5,449,494	\$5,449,494	\$30,784	98%	Above Average	HRB2020D

Federalsburg Square	4, 15, 22	Caroline County	Federalsburg Square LLC	USDA	88	70	0	RISK SHARE	480	400	4.50%	\$1,975,000	\$1,837,909	\$1,837,909	\$99,692	97%	Above Average	HRB2015B
Freetown Village	8, 15, 22	Anne Arundel County	Whitaker Homes LP	Section 8	190	153	0	RISK SHARE	480	434	4.65%	\$9,930,000	\$9,571,991	\$9,571,991	\$466,381	98%	Below Average	HRB2018A
Greenside Apts.	4, 9, 11, 15, 22	Washington County	Greenside Acquisition, LLC	USDA	72	72	0	RISK SHARE	480	480	6.08%	\$3,360,000	\$3,360,000	\$3,360,000	\$0	93%	Under Const.	HRB2022B
Greenside Apts.	4, 9, 11, 15, 22	Washington County	Greenside Acquisition, LLC	USDA	0	0	0	RISK SHARE	18	8	3.625%	\$2,870,000	\$2,870,000	\$2,870,000	\$0			HRB2022B
Hamilton Station	15, 22	Frederick County	Hamilton Station LLC	None	80	0	0	RISK SHARE	480	472	3.00%	\$13,300,000	\$13,184,094	\$13,184,094	\$16,208	97%	Satisfactory	HRB2021A
Henrietta Lacks Village III	15, 22	Baltimore County	Lyon Homes III Preservation LLC	Section 8	36	4	0	RISK SHARE	480	464	3.03%	\$3,415,000	\$3,355,295	\$3,355,295	\$14,777	94%	Satisfactory	HRB2020E
Heritage Homes	8, 9, 11, 15, 22	Anne Arundel County	Heritage Homes, LP	Section 8	182	182	0	RISK SHARE	480	480	5.48%	\$12,125,000	\$0	\$0	\$0	0%	Under Const.	HRB2023D
Heritage Homes	8, 9, 11, 15, 22	Anne Arundel County	Heritage Homes, LP	Section 8	0	0	0	RISK SHARE	27	27	3.875%	\$17,375,000	\$2,762,600	\$2,762,600	\$0			HRB2023D
Hickory Ridge Place II	16, 20	Howard County	RF Hickory Ridge Limited Partnership	None	0	0	0	UNINSURED	480	463	4.00%	\$354,661	\$349,422	\$349,422	\$0			HRB2018A
Hickory Ridge Place	15, 22	Howard County	RF Hickory Ridge Limited Partnership	Section 8	108	108	0	RISK SHARE	480	462	3.03%	\$20,700,000	\$20,291,824	\$20,291,824	\$269,257	100%	Above Average	HRB2020E
Hillside Park Apts.	8, 15, 22	Baltimore City	HSP2, LLC	Section 8	94	30	0	RISK SHARE	480	424	4.20%	\$4,195,000	\$3,986,582	\$3,986,582	\$309,028	99%	Satisfactory	HRB2017C
Homes at Gateway Village	9, 11, 15, 22	Wicomico County	Homes at Gateway Village Limited Partnership	None	156	0	0	RISK SHARE	480	480	3.38%	\$6,750,000	\$5,750,000	\$5,750,000	\$0	96%	Under Const.	HRB2021C
Homes at Gateway Village	9, 11, 15, 22	Wicomico County	Homes at Gateway Village Limited Partnership	None	0	0	0	RISK SHARE	26	5	0.98%	\$5,200,000	\$4,422,000	\$4,422,000	\$0			HRB2021C
Homes on Quaker Lane	15, 22	Montgomery County	Homes on Quaker Lane Limited Partnership	None	80	0	0	RISK SHARE	480	441	4.55%	\$7,610,000	\$7,375,016	\$7,375,016	\$79,068	99%	Satisfactory	HRB2019A
Ivy Hills	15, 22	Harford County	Ivy Hills Partnership, LLC	None	37	0	0	RISK SHARE	480	449	3.80%	\$3,140,000	\$3,049,205	\$3,049,205	\$80,834	100%	Satisfactory	HRB2019E
Johnston Square Apartments	6, 7	Baltimore County	General Greene Limited Partnership	Section 8	218	217	480	GNMA	480	315	6.18%	\$7,380,000	\$6,466,020	\$6,466,020	\$0	98%	Satisfactory	HRB2008C
Leonard Apartments	4, 15, 22	Wicomico County	Booth Street Limited Partnership	USDA	66	58	0	RISK SHARE	360	252	4.93%	\$1,295,000	\$1,081,277	\$1,081,277	\$287,279	95%	Above Average	HRB2013B
Manhattan Park Apartments - Part A	4, 6, 7, 23	Baltimore City	The Manhattan Park Apts., LP	Section 236	123	123	108	FNMA	360	173	6.46%	\$2,520,000	\$1,782,561	\$1,782,561	\$0	96%	Above Average	HRB2006B
McElderry	15, 22	Baltimore City	1234 McElderry LLC	Section 8	104	50	0	RISK SHARE	480	449	3.95%	\$12,500,000	\$12,151,114	\$12,151,114	\$83,519	94%	Satisfactory	HRB2019C
Merion Village Senior Apts.	9, 11, 15, 21	Harford County	Merion Village, LLC	None	68	0	0	RISK SHARE	204	204	4.895%	\$8,275,000	\$6,059,390	\$6,059,390	\$0	0%	New Const.	HRB2023B
Merion Village Senior Apts.	9, 11, 15	Harford County	Merion Village, LLC	None	0	0	0	RISK SHARE	24	21	3.125%	\$3,595,000	\$0	\$0	\$0			HRB2023B
Merritt Station II	9, 11, 15, 21	Baltimore County	Merritt Station II, LLC	None	84	0	0	RISK SHARE	204	204	4.895%	\$9,440,000	\$6,052,388	\$6,052,388	\$0	0%	New Const.	HRB2023B

Merritt Station II	9, 11, 15	Baltimore County	Merritt Station II, LLC	None	0	0	0	RISK SHARE	26	23	3.125%	\$3,710,000	\$0	\$0	\$0			HRB2023B
Mount Jezreel	10, 15, 22	Montgomery County	Mt. Jezreel Senior LLC	None	75	0	0	RISK SHARE	480	420	4.42%	\$7,120,000	\$6,756,923	\$6,756,923	\$88,692	99%	Satisfactory	HRB2017A
Mulberry Hills Apts. I	4, 15	Talbot County	Mulberry Estates, LLLP	USDA	128	63	0	RISK SHARE	480	362	4.27%	\$4,500,000	\$3,979,490	\$3,979,490	\$336,666	96%	Above Average	HRB2012B
North Street Senior Apartments	15, 22	Cecil County	TCB North Street Senior, LLC	None	53	0	0	RISK SHARE	480	379	5.20%	\$1,450,000	\$1,336,051	\$1,336,051	\$86,982	92%	Above Average	HRB2013F
Oak Grove Manor	20	Baltimore County	Oak Grove Associates, LLC	None	120	0	0	UNINSURED	480	259	4.00%	\$139,494	\$101,032	\$101,032	\$0	99%	Satisfactory	HRB2018A
Oak Grove Manor II	17, 20	Baltimore County	Oak Grove Associates, LLC	None	0	0	0	UNINSURED	456	252	4.00%	\$1,110,506	\$818,248	\$818,248	\$0	99%	Satisfactory	HRB2018A
Orchard Ridge IV	15	Baltimore City	Orchard Ridge Rental IV, LLC	Section 8	64	20	480	RISK SHARE	480	377	5.75%	\$4,185,000	\$3,886,509	\$3,886,509	\$152,710	95%	Satisfactory	HRB2013D
Park View at Colonial Landing -200	15	Howard County	Colonial Development, LLLP	None	100	0	0	RISK SHARE	480	360	4.00%	\$4,700,000	\$4,114,470	\$4,114,470	\$305,428	97%	Satisfactory	HRB2012D
Park View at Ellicott City I	15, 22	Howard County	Ellicott LLLP	None	81	0	0	RISK SHARE	480	384	4.34%	\$3,535,000	\$3,220,572	\$3,220,572	\$167,771	98%	Above Average	HRB2014D
Park View at Laurel II	15, 22	Prince George's County	Laurel II LLLP	None	105	0	0	RISK SHARE	480	376	5.10%	\$4,805,000	\$4,404,892	\$4,404,892	\$277,062	96%	Below Average	HRB2014A
Parkview Manor	15, 22	Prince George's County	MHP Parkview Manor LLC	Section 811	53	11	0	RISK SHARE	480	430	4.65%	\$3,130,000	\$3,006,358	\$3,006,358	\$80,435	94%	Satisfactory	HRB2018A
Parkview Towers Apts.	15	Montgomery County	MHP Parkview Towers, L.P.	None	125	0	0	RISK SHARE	480	368	4.05%	\$10,925,000	\$9,685,091	\$9,685,091	\$154,599	94%	Above Average	HRB2013A
Parkway Overlook 4	11, 15, 21	Baltimore City	Parkway Overlook Apts. 4, LLC	None	118	0	0	RISK SHARE	204	197	2.62%	\$11,160,000	\$11,067,132	\$11,067,132	\$20,867	86%	Pending	HRB2021B
Perry Point	10, 15, 22	Cecil County	HELP Perry Point LP	Section 8	75	75	0	RISK SHARE	480	425	4.23%	\$6,265,000	\$5,961,939	\$5,961,939	\$160,701	95%	Above Average	HRB2017B
Pikeswood Park Apts	15	Baltimore County	Osprey Property Co. LLC	None	140	0	0	RISK SHARE	480	359	4.40%	\$9,340,000	\$8,254,473	\$8,254,473	\$150,267	98%	Above Average	HRB2012A
Poppleton Place Apts Part I	6, 7	Baltimore City	Poppleton Partners, LP	Section 8	123	123	480	GNMA	480	294	5.55%	\$4,425,000	\$3,688,032	\$3,688,032	\$0	97%	Satisfactory	HRB2006D
Renaissance Row Apts.	15, 22	Baltimore City	Renaissance Row, LLC	Section 811	84	8	0	RISK SHARE	480	466	3.54%	\$6,440,000	\$6,352,876	\$6,352,876	\$35,121	93%	Satisfactory	HRB2020C
Richmond Hill Pointe	15, 22	Cecil County	Richmond Hill Redevelopment	None	48	0	0	RISK SHARE	480	371	5.21%	\$2,545,000	\$2,325,580	\$2,325,580	\$73,790	96%	Above Average	HRB2013B
River Bend Court	15, 22	Allegany County	River Bend Court, LP	Section 8	77	77	0	RISK SHARE	480	466	3.54%	\$3,700,000	\$3,649,944	\$3,649,944	\$29,050	99%	Above Average	HRB2020C
Riverfront Townhomes	15, 22	Baltimore City	RF2, LLC	None	126	0	0	RISK SHARE	480	425	4.20%	\$6,175,000	\$5,874,232	\$5,874,232	\$472,406	97%	Satisfactory	HRB2017C
Riverwoods at St. Michaels	15, 22	Talbot County	Riverwoods St. Michaels, LLC	None	40	0	0	RISK SHARE	480	373	5.75%	\$1,170,000	\$1,082,408	\$1,082,408	\$90,079	88%	Above Average	HRB2013D
Ruscombe Gardens Apartments	6, 7	Baltimore City	Evergreen Partners	Section 8	151	150	480	GNMA	420	298	5.39%	\$8,882,979	\$7,722,221	\$7,722,221	\$0	97%	Satisfactory	HRB2007A

Samuel Chase Apartments	4, 15, 22	Somerset County	Green Street Housing, LLC	USDA	60	57	0	RISK SHARE	360	264	4.35%	\$2,390,000	\$1,992,980	\$1,992,980	\$417,958	97%	Above Average	HRB2014C
Schumaker Place Apts.	15, 22	Wicomico County	Schumaker Preservation Associates, LLC	None	96	0	0	RISK SHARE	480	444	4.55%	\$4,835,000	\$4,697,987	\$4,697,987	\$319,802	90%	Satisfactory	HRB2019A
Selborne	6, 7, 13	Howard County	Dorsey-Selborne Limited Partnership	None	72	0	0	GNMA	480	455	6.175%	\$1,631,980	\$1,533,669	\$1,533,669	\$0	100%	Above Average	N/A
Shalom Square	15, 22	Howard County	Shalom Heritage Limited Partnership	Section 8	50	50	0	RISK SHARE	480	427	4.20%	\$5,500,000	\$5,242,780	\$5,242,780	\$122,935	100%	Satisfactory	HRB2017C
Sharpe Square	15, 22	Frederick County	Sharpe Square Pax Buckeye, LLC	None	86	0	0	RISK SHARE	480	444	4.25%	\$10,940,000	\$10,606,884	\$10,606,884	\$80,289	94%	Satisfactory	HRB2019B
Slippery Hill Senior	9, 11, 15, 21	Queen Anne's County	Slippery Hill III, LP	None	54	0	0	RISK SHARE	204	204	5.47%	\$4,535,000	\$4,428,512	\$4,428,512	\$0	0%	New Const.	HRB2023A
Slippery Hill Senior	9, 11, 15	Queen Anne's County	Slippery Hill III, LP	None	0	0	0	RISK SHARE	24	19	3.575%	\$3,195,000	\$0	\$0	\$0			HRB2023A
Southern Pines II	15, 22	Calvert County	SP II Apartments, LLC	None	67	0	0	RISK SHARE	480	415	4.60%	\$3,500,000	\$3,312,642	\$3,312,642	\$152,653	94%	Above Average	HRB2016A
Spring Valley Apts	15	St. Mary's County	Spring Valley Workforce Housing	None	128	0	0	RISK SHARE	480	374	5.21%	\$6,690,000	\$6,133,002	\$6,133,002	\$523,629	82%	Above Average	HRB2013B
Springford Gardens Apts. & School House Apts.	4, 15, 22	Cecil County	Spring School Preservation, LP	USDA Section 8	69	67	0	RISK SHARE	480	445	3.95%	\$3,600,000	\$3,485,815	\$3,485,815	\$104,385	97%	Satisfactory	HRB2019C
Towns at Woodfield	10, 15, 22	Baltimore County	Dogwood Towns, LLC	None	62	0	0	RISK SHARE	480	421	4.42%	\$7,740,000	\$7,352,624	\$7,352,624	\$79,597	96%	Satisfactory	HRB2017A
Tremont Place	11, 15, 21	Carroll County	Tremont Acquisition, LLC	None	82	0	0	RISK SHARE	204	201	3.06%	\$3,280,000	\$3,269,499	\$3,269,499	\$6,171	100%	Pending	HRB2021C
Victoria Estates	4, 15, 22	Worcester County	Victoria Estates LLC	USDA	100	76	0	RISK SHARE	480	393	4.60%	\$1,670,000	\$1,544,934	\$1,544,934	\$259,684	91%	Above Average	HRB2015A
Villas at Whitehall	11, 15, 22	Cecil County	Whitehall Preservation Associates, LLC	None	71	0	0	RISK SHARE	480	467	3.32%	\$2,880,000	\$2,841,931	\$2,841,931	\$93,624	99%	Pending	HRB2020D
Weinberg Manor Apts	15	Baltimore City	Weinberg Manor West, LP	Section 8	109	108	360	RISK SHARE	360	194	6.99%	\$3,880,000	\$2,992,355	\$2,992,355	\$113,503	100%	Above Average	HRB2008D
Windsor Gardens	15, 22	Frederick County	Homes for Frederick LP	Section 8	59	58	0	RISK SHARE	480	393	4.60%	\$4,330,000	\$4,005,764	\$4,005,764	\$82,789	96%	Above Average	HRB2015A
Woodland Springs	15, 22	Prince George's County	Woodland Springs, LP	Section 8	506	121	0	RISK SHARE	480	406	4.50%	\$43,290,000	\$40,542,981	\$40,542,981	\$711,658	95%	Satisfactory	HRB2015B
Woodlands at Reid Temple	15, 22	Prince George's County	Woodlands at Reid Temple, LP	None	252	0	0	RISK SHARE	480	452	3.90%	\$33,750,000	\$32,893,302	\$32,893,302	\$226,325	95%	Above Average	HRB2019D
Woodyard Station	9, 11, 15, 21	Prince George's County	Woodyard Station 4, LLC	None	112	0	0	RISK SHARE	204	204	3.07%	\$15,500,000	\$15,500,000	\$15,500,000	\$0	45%	New Const.	HRB2021C
Woodyard Station	9, 11, 15	Prince George's County	Woodyard Station 4, LLC	None	0	0	0	RISK SHARE	30	9	0.98%	\$3,200,000	\$3,200,000	\$3,200,000	\$0			HRB2021C
Totals:(1)					6,953	2,478						\$551,566,020	\$461,296,698	\$461,296,698	\$9,020,662			

- 1 Amounts and percentages may not total exactly due to the rounding.
- 2 Generally, as of September 30, 2023.
- 3 The Inspection Rating is based on the most recent rating available to the Administration as of September 30, 2023 and reflects the evaluation by the Department's Asset Management Group of the Development's physical condition, management practices and compliance with regulations and loan documents. The projects rated "Pending" are yet to receive their first inspection, while the projects rated "Under Const." are in the process of being leased up and would not require inspection. The inspections for projects rated "Delayed" have not been completed as a result of delays due to the COVID-19 Pandemic.
- 4 Includes original and all renewal terms. Section 236 contract terms are coterminous with applicable Loan term. For the term of the USDA subsidy there is an allocated dollar amount provided to the Project that is designed to assist the tenants with rental payments. Refer to Appendix G for additional information.
- 5 Figures may include non-revenue manager-occupied units.
- 6 The interest rate received by the Administration on the related Guaranteed Securities GNMA or FNMA loans is 0.25% less than the interest rate shown in the chart because the GNMA or FNMA Servicer deducts and retains a fee in that amount.
- 7 For loans enhanced by FNMA or GNMA, the Reserve for Replacement Accounts are held by the lender.
- 8 Section 8 subsidy is being provided under the Rental Assistance Demonstration Program (RAD). Refer to Appendix G for additional information.
- 9 Refer to Footnote 25
- 10 The Bonds issued to finance this Development are stand-alone, non-parity Bonds under the Bond Resolution secured solely by the trust estate pledged under the applicable series resolution and not from revenues or other amounts pledged to Parity Bonds.
- 11 These developments are in construction or lease-up, therefore occupancy reports and/or inspection ratings may not be available at this time. These loans may have negative arbitrage backed by a standby letter of credit, please see the Official Statement for additional information.
- 12 N/A
- 13 No Series of Bonds financed the Selborne House development. The Selborne House development was financed with the proceeds of the Administration's Multifamily Development Revenue Bonds (GNMA Collateralized-Selborne House Project), Series 1999A. The Administration previously redeemed the Selborne House Bonds and transferred the related GNMA to the Series 1996A Revenue Account of the Resolution, which is pledged to the holders of the Bonds.
- 14 N/A
- 15 Insured under the FHA Risk Sharing program. Refer to Appendix F for additional information.
- 16 On December 17, 2020, the Hickory Ridge Apts. II loan was modified from a cash flow loan to an amortizing, subordinate loan with a 40-year term.
- 17 This is a cash flow loan. Interest and principal on this loan are due and payable in consecutive annual installments in an amount equal to the lesser of Surplus Cash (as defined in the cash flow loan documents) or the scheduled payment. This cash flow loan is in second position and the Reserve for Replacements is held by the first lien holder. Oak Grove's first lien loan is an amortizing loan.
- 18 N/A
- 19 N/A
- 20 These loans were originally issued under Housing Revenue Bond 1996 A. In May, 2018, a portion of Housing Revenue Bonds, Series 2018 A proceeds were used to fully refund the Administration's Housing Revenue Bonds, Series 1996 A. These loans financed the following Developments: Hickory Ridge Apts II, Oak Grove Manor and Oak Grove Manor II. These projects were transferred to Housing Revenue Bonds, Series 2018 A.
- 21 The principal balance of the permanent Loan for this Development is structured to amortize over the Original Loan Term set forth in this table, subject to an early, lump-sum balloon payment. Currently, balloon payment maturity dates for applicable Loans are 17 years from the beginning of the Original Loan Term.
- 22 These loans are insured under the FHA Risk-Sharing Program, utilizing a 75/25 share structure in which FHA assumes 75% of the potential loss and MHF assumes the remaining 25% share. All other loans designated as holding "RISK SHARE" credit enhancement utilize the 50/50 share structure.
- 23 The interest rate received by the Administration is 1.04% less than the interest rate in the Note reported in this chart. The servicer retains 1.04% for servicing and credit enhancement fees.
- 24 N/A

Footnote 25**Negative Arbitrage Letters of Credit as of September 30, 2023**

Series	Project	LOC Bank	LOC #	Amount	Expiration
HRB2021C	Brookmeadow Apartments	Truist Bank	75000208	\$ 195,251	12/1/2023
HRB2021C	Homes at Gateway Village	Truist Bank	75000209	\$ 491,000	2/1/2024
HRB2021C	Woodyard Station	Truist Bank	75000211	\$ 1,043,229	6/1/2024
HRB2022A	Canton Overlook	Truist Bank	75000410	\$ 1,642,322	6/1/2024
HRB2022B	Greenside	Truist Bank	75000459	\$ 264,766	5/1/2024
HRB2022C	Crestwood	Truist Bank	75000727	\$ 768,530	1/1/2025
HRB2023A	Slippery Hill	Truist Bank	75001084	\$ 242,281	4/1/2025
HRB2023A	Cherry Hill	TriState Capital Bank	801291	\$ 190,342	3/9/2024
HRB2023B	Merritt Station II	Truist Bank	75001185	\$ 395,837	8/1/2025
HRB2023B	Merion Village	Truist Bank	75001186	\$ 323,001	6/1/2025
HRB 2023C	Elk Chase	TD Bank	20010247	\$ 399,246	7/24/2024
HRB 2023C	Eagle Park	Truist Bank	75001408	\$ 406,276	8/1/2025
HRB 2023D	Heritage Homes	Truist Bank	75001740	\$ 1,041,346	1/1/2026

Table D-3

Group Home Loans Financed with the Proceeds of the Series 1996 A and B, 2006 C, 2008 A Bonds

Name	Location	No. of Loans	Credit Enhancement	Original Loan Term (Months)	Remaining Loan Term (Months)	Interest Rate	Original Loan Balance	Outstanding Loan Balance ⁽⁴⁾	Occupancy	Physical Condition	Bond Series Financing Loans
Group Homes ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾	Various	10	MHF	Various	Various	6.50%	\$1,212,623	\$ 260,265	N/A	N/A	1996 B
Group Homes ⁽¹⁾⁽⁵⁾⁽⁶⁾	Various	1	MHF	360	Various	6.15%	229,657	137,415	N/A	N/A	2006 C
Group Homes ⁽¹⁾⁽⁵⁾⁽⁷⁾	Various	29	MHF	360	Various	Various	5,912,726	3,973,109	N/A	N/A	2008 A
Total:⁽⁸⁾		40					\$7,355,006	\$4,370,789			

⁽¹⁾ Group Homes are owned by various non-profit entities.

⁽²⁾ 35 individuals are served by these Group Homes.

⁽³⁾ These loans have an original loan term of 30 years, except one loan with an original loan term of 15 years and another with an original loan term of 20 years.

⁽⁴⁾ As of September 30, 2023.

⁽⁵⁾ There were no Group Home Loans more than 60 days delinquent.

⁽⁶⁾ 4 individuals are served by these Group Homes.

⁽⁷⁾ 96 individuals are served by these Group Homes.

⁽⁸⁾ Amounts may not total exactly due to rounding.

Table D-4

Rental Housing Developments and Group Home Loans in Arrears

As of September 30, 2023, there were no Developments or Group Home Loans financed by the Bond Resolution for which there was a failure to make Mortgage Loan payments equivalent to two full monthly payments of principal and interest.

APPENDIX E

OUTSTANDING INDEBTEDNESS OF THE ADMINISTRATION

Outstanding Housing Revenue Bonds

The following table sets forth certain information relating to Bonds issued by the Administration under the Bond Resolution outstanding as of October 1, 2023.

	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Housing Revenue Bonds				
Series 2013 A	2013	7/1/2054	\$ 10,925,000	\$ 9,515,000
Series 2013 E	2013	7/1/2045	41,795,000	35,600,000 (2)(4)
Series 2013 F	2013	7/1/2055	16,255,000	5,405,000
Series 2014 A	2014	1/1/2055	4,805,000	3,060,000
Series 2014 B	2014	7/1/2055	3,790,000	1,145,000
Series 2014 C	2014	1/1/2046	3,700,000	1,995,000
Series 2014 D	2014	1/1/2056	10,060,000	9,000,000
Series 2015 A	2015	1/1/2057	13,395,000	7,315,000
Series 2015 B	2015	7/1/2057	48,200,000	41,825,000
Series 2016 A	2016	7/1/2058	15,730,000	6,835,000
Series 2017 A	2017	11/1/2058	18,720,000	14,109,548 (8)
Series 2017 B	2017	3/1/2059	12,000,000	5,961,941 (8)
Series 2017 C	2017	7/1/2059	28,755,000	17,085,000
Series 2018 A	2018	1/1/2060	42,430,000	25,120,000
Series 2019 A	2019	1/1/2061	14,715,000	11,255,000
Series 2019 B	2019	1/1/2061	10,040,000	9,685,000
Series 2019 C	2019	7/1/2061	19,665,000	14,275,000
Series 2019 D	2019	7/1/2061	30,440,000	29,660,000
Series 2019 E	2019	7/1/2061	6,020,000	2,680,000
Series 2020 A	2020	7/1/2062	10,315,000	10,155,000
Series 2020 C	2020	7/1/2062	19,350,000	9,150,000
Series 2020 D	2020	7/1/2062	11,485,000	8,485,000
Series 2020 E	2020	7/1/2062	23,860,000	21,740,000
Series 2021 A	2021	7/1/2063	13,605,000	13,605,000
Series 2021 B	2021	1/1/2041	11,395,000	11,335,000
Series 2021 C	2021	7/1/2064	44,585,000	41,310,000
Series 2022 A	2022	1/1/2042	23,270,000	23,270,000
Series 2022 B	2022	7/1/2064	6,465,000	6,465,000
Series 2022 C	2022	7/1/2042	11,555,000	11,555,000
Series 2023 A	2023	1/1/2065	17,205,000	17,205,000
Series 2023 B	2023	7/1/2043	25,575,000	25,575,000
Series 2023 C	2023	7/1/2065	25,880,000	25,880,000
Series 2023 D	2023	1/1/2066	29,920,000	29,920,000
Total Housing Revenue Bonds			\$ 625,905,000	\$ 507,176,489

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 October 1, 2023.

			<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Multi-Family Mortgage Revenue Bonds						
Series 2010	A	(New Issue)	2010	7/1/2030	\$ 8,410,000	\$ 3,975,000
Series 2009	A-1	(Released Program Bonds)	2010	7/1/2051	24,380,000	24,380,000
Series 2010	B	(New Issue)	2010	7/1/2045	16,730,000	3,495,000
Series 2009	A-2	(Released Program Bonds)	2010	7/1/2051	6,610,000	1,940,000
Series 2009	A-3	(Released Program Bonds)	2010	1/1/2044	5,410,000	4,305,000 (5)
Series 2010	D	(New Issue)	2010	1/1/2035	6,880,000	3,760,000
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	570,000
Series 2009	A-5	(Released Program Bonds)	2011	7/1/2051	8,460,000	8,460,000
Series 2011	B	(New Issue)	2011	1/1/2028	8,680,000	1,305,000
Series 2009	A-6	(Released Program Bonds)	2011	7/1/2051	13,230,000	13,230,000
Series 2011	C	(New Issue)	2011	7/1/2051	16,685,000	10,915,000
Series 2009	A-7	(Released Program Bonds)	2011	7/1/2051	23,190,000	23,190,000
Total Multi-Family Mortgage Revenue Bonds					<u>\$ 151,615,000</u>	<u>\$ 110,285,000</u>
Residential Revenue Bonds						
		<u>Effective Bond Yield</u>	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
2006	Series G	(2)	2006	9/1/2040	\$ 40,000,000	\$ 10,735,000 (1)
2006	Series J	(2)	2006	9/1/2040	60,000,000	40,635,000 (1)
2012	Series B	(2)	2012	9/1/2033	45,000,000	44,580,000 (1)(3)
2014	Series B	3.095548%	2014	9/1/2044	35,565,000	1,205,000 (1)
2014	Series C	3.369241%	2014	9/1/2044	47,960,000	13,120,000 (1)
2014	Series D	3.245679%	2014	9/1/2036	23,885,000	1,525,000 (1)
2014	Series E	3.395849%	2014	9/1/2040	53,205,000	12,520,000 (1)(3)
2014	Series F	(2)	2014	9/1/2044	25,000,000	23,770,000 (3)
2015	Series A	3.379090%	2015	9/1/2045	24,235,000	2,250,000 (1)
2015	Series B	3.565720%	2015	9/1/2041	67,190,000	4,255,000 (1)(3)
2016	Series A	3.401702%	2016	9/1/2047	325,800,000	163,340,000 (1)(3)
2017	Series A	3.734510%	2017	9/1/2048	263,060,000	99,010,000 (1)(3)
2018	Series A	3.958382%	2018	9/1/2048	239,565,000	36,810,000 (1)
2018	Series B	3.958382%	2018	9/1/2048	40,435,000	19,265,000 (1)
2019	Series A	3.650455%	2019	9/1/2049	140,000,000	39,880,000 (1)
2019	Series B	3.277965%	2019	9/1/2049	210,000,000	123,880,000 (1)
2019	Series C	2.940750%	2019	3/1/2050	319,580,000	230,985,000 (1)
2019	Series D	2.898117%	2019	3/1/2050	27,490,000	12,465,000 (1)(3)
2020	Series A	2.753368%	2020	3/1/2050	130,750,000	103,530,000 (1)
2020	Series D	2.344036%	2020	9/1/2050	160,000,000	134,320,000 (1)
2021	Series A	2.117790%	2021	9/1/2051	197,725,000	176,165,000 (1)
2021	Series B	2.235000%	2021	9/1/2051	170,000,000	155,155,000 (1)
2021	Series C	2.509600%	2021	9/1/2051	221,770,000	216,685,000 (1)
2021	Series D	1.620900%	2021	3/1/2027	30,000,000	22,070,000 (1)(3)
2022	Series A	4.708570%	2022	9/1/2052	111,625,000	110,370,000 (1)
2022	Series B	4.354550%	2022	9/1/2034	37,375,000	34,915,000 (1)(3)
2022	Series C	4.740098%	2022	3/1/2053	98,720,000	96,960,000 (1)(3)
2022	Series D	5.173272%	2022	3/1/2053	100,000,000	99,180,000 (1)
2022	Series E	4.329130%	2022	3/1/2053	261,103,000	141,103,000 (9)
2023	Series A	5.100551%	2023	9/1/2053	60,000,000	60,000,000 (1)
2023	Series B	5.100551%	2023	9/1/2053	90,000,000	90,000,000 (1)(3)
2023	Series C	4.720410%	2023	9/1/2054	115,000,000	115,000,000 (1)
2023	Series D	5.683140%	2023	9/1/2053	185,000,000	185,000,000 (1)(3)
Total Residential Revenue Bonds					<u>\$ 3,957,038,000</u>	<u>\$ 2,620,683,000</u>

Other Outstanding Bonds of the Administration

	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Single Family Housing Revenue Bonds				
2013 Series A (Pass-Through Program).....	2013	7/1/2043	\$ 55,987,759	\$ 11,419,779 (6)
Total Single Family Housing Revenue Bonds			<u>\$ 55,987,759</u>	<u>\$ 11,419,779</u>
	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Local Government Infrastructure Bonds				
2010 Series A-1 (Senior Obligations)	2010	6/1/2030	\$ 19,395,000	\$ 490,000
2010 Series A-2 (Subordinate Obligations)	2010	6/1/2030	8,515,000	245,000
2012 Series A-1 (Senior Obligations)	2012	6/1/2032	9,550,000	2,340,000
2012 Series A-2 (Subordinate Obligations)	2012	6/1/2032	4,420,000	1,160,000
2012 Series B-1 (Senior Obligations)	2012	6/1/2032	14,900,000	3,220,000
2012 Series B-2 (Subordinate Obligations)	2012	6/1/2032	6,855,000	1,320,000
2013 Series A-1 (Senior Obligations)	2013	6/1/2043	14,660,000	1,160,000
2013 Series A-2 (Subordinate Obligations)	2013	6/1/2043	6,720,000	815,000
2014 Series A-1 (Senior Obligations)	2014	6/1/2034	27,605,000	5,225,000
2014 Series A-2 (Subordinate Obligations)	2014	6/1/2034	12,720,000	2,750,000
2015 Series A-1 (Senior Obligations)	2015	6/1/2045	13,215,000	7,995,000
2015 Series A-2 (Subordinate Obligations)	2015	6/1/2045	5,650,000	3,420,000
2016 Series A-1 (Senior Obligations)	2016	6/1/2036	18,020,000	10,175,000
2016 Series A-2 (Subordinate Obligations)	2016	6/1/2036	7,715,000	4,365,000
2017 Series A-1 (Senior Obligations)	2017	6/1/2047	27,310,000	18,705,000
2017 Series A-2 (Subordinate Obligations)	2017	6/1/2047	11,725,000	8,030,000
2018 Series A-1 (Senior Obligations)	2018	6/1/2048	4,535,000	3,600,000
2018 Series A-2 (Subordinate Obligations)	2018	6/1/2048	1,925,000	1,530,000
2019 Series A-1 (Senior Obligations)	2019	6/1/2049	11,340,000	10,385,000
2019 Series A-2 (Subordinate Obligations)	2019	6/1/2049	4,875,000	4,460,000
2019 Series B-1 (Senior Obligations)	2019	6/1/2049	11,810,000	10,355,000
2019 Series B-2 (Subordinate Obligations)	2019	6/1/2049	5,260,000	4,635,000
2020 Series A-1 (Senior Obligations)	2020	6/1/2049	16,740,000	14,315,000
2020 Series A-2 (Subordinate Obligations)	2020	6/1/2049	7,470,000	6,430,000
2021 Series A-1 (Senior Obligations)	2021	6/1/2051	18,980,000	18,180,000
2021 Series A-2 (Subordinate Obligations)	2021	6/1/2051	8,170,000	7,835,000
2023 Series A-1 (Senior Obligations)	2023	6/1/2043	15,475,000	15,475,000
2023 Series A-2 (Subordinate Obligations)	2023	6/1/2043	7,050,000	7,050,000
Total Local Government Infrastructure Bonds			<u>\$ 322,605,000</u>	<u>\$ 175,665,000</u>
Multifamily Development Revenue Bonds				
Series 2001 G (Waters Tower Senior Apts.).....	2001	12/15/2033	\$ 4,045,000	\$ 2,315,000 (2)
Series 2005 A (Fort Washington Manor Sr. Housing)..	2005	11/15/2038	14,000,000	9,630,000 (2)
Series 2005 B (Washington Gardens).....	2005	2/1/2036	5,000,000	1,530,000
Series 2006 A (Barclay Greenmount Apartments).....	2006	4/1/2035	4,535,000	2,445,000
Series 2007 A (Brunswick House Apartments).....	2007	10/1/2037	3,000,000	1,775,000
Series 2007 B (Park View at Catonsville).....	2007	12/1/2037	5,200,000	4,750,000 (2)
Series 2008 B (Shakespeare Park Apartments).....	2008	5/1/2038	7,200,000	7,200,000 (2)
Series 2008 C (The Residences at Ellicott Gardens)....	2008	12/1/2040	9,105,000	6,175,000 (2)
Series 2008 D (Crusader Arms Apartments).....	2008	2/1/2041	3,885,000	2,660,000 (2)
Series 2008 E (MonteVerde Apartments).....	2008	3/1/2041	15,200,000	13,125,000 (2)
Series 2008 G (Kirkwood House Apartments).....	2008	12/1/2038	16,000,000	16,000,000 (2)
Series 2012 A (Park View at Bladensburg).....	2012	12/1/2030	3,500,000	2,665,000
Series 2013 G (Glen Manor Apartments).....	2013	1/1/2031	13,640,000	10,905,000
Series 2014 I (Marlborough Apartments).....	2014	12/15/2031	27,590,000	21,200,000
Series 2015 D (Cumberland Arms Apartments).....	2015	9/1/2032	6,315,000	3,195,000
Series 2017 G (Bolton North).....	2017	9/15/2034	25,200,000	22,555,000

Other Outstanding Bonds of the Administration

			<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Multifamily Development Revenue Bonds continued						
Series 2021	A	(Rosemont Gardens 4 Apartments).....	2021	11/1/2023	\$ 11,400,000	\$ 11,400,000
Series 2021	C-1	(PV at Ellicott City II).....	2021	11/1/2038	7,115,000	6,964,887
Series 2021	D-1	(PV at Furnace Branch).....	2021	11/1/2038	9,505,000	9,304,463
Series 2021	E-1	(PV at Snowden River).....	2021	11/1/2038	7,750,000	7,586,490
Series 2021	F	(Homes at Oxon Hill)	2021	7/1/2043	24,660,000	24,660,000
Series 2021	G	(Windsor Valley III Apartments).....	2021	12/1/2023	32,000,000	32,000,000
Series 2022	A	(Woodside Gardens).....	2022	1/1/2024	30,000,000	30,000,000
Series 2022	B-1	(Weinberg Place Apartments).....	2022	6/1/2040	18,790,000	18,790,000
Series 2022	B-2	(Roseberg Place Apartments).....	2022	8/1/2024	12,570,000	12,570,000
Series 2022	C	(Overlook Manor Townhouses).....	2022	4/1/2024	9,600,000	9,600,000
Series 2022	D	(South Street Senior).....	2022	7/1/2024	16,000,000	16,000,000
Series 2022	E-1	(Roslyn Rise).....	2022	3/1/2043	14,975,000	14,975,000
Series 2022	E-2	(Roslyn Rise).....	2022	11/1/2024	975,000	975,000
Series 2022	F	(The Cascades of Frederick).....	2022	8/1/2024	18,970,000	18,970,000
Series 2022	G	(Admiral's Landing 4).....	2022	10/1/2024	7,000,000	7,000,000
Series 2022	H	(Willow Manor at Cabin Branch).....	2022	12/1/2024	17,545,000	17,545,000
Series 2022	I	(Rosemount).....	2022	1/1/2025	21,325,000	21,325,000
Series 2023	A	(Uplands Rental Phase IIA).....	2023	3/1/2025	13,445,000	13,445,000
Series 2023	B	(Morris H. Blum Senior Apartments)....	2023	3/1/2026	27,950,000	27,950,000
Total Multifamily Development Revenue Bonds					\$ 464,990,000	\$ 429,185,840

			<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount of Note</u>	<u>Amount Outstanding</u>
Multifamily Notes (7)						
Victory Crossing - Freddie TEL	2016	6/1/2037	\$ 7,675,000	\$ 7,274,958		
Riviera Apartments - Freddie TEL	2017	6/1/2034	2,430,000	2,307,822		
Momentum at Shady Grove Metro - Freddie TEL	2018	1/1/2039	12,900,000	12,795,632		
Victory Haven - Freddie TEL	2018	7/1/2037	6,080,000	6,063,914		
J.Van Story Branch Apartments - Freddie TEL	2018	6/1/2039	18,604,000	18,255,140		
Silver Spring Artspace Lofts - Freddie TEL	2019	1/1/2037	8,100,000	7,935,370		
Greenmount and Chase - Freddie TEL	2019	8/1/2036	1,790,000	1,761,802		
Glenarden Hills 2 - Freddie TEL	2019	1/1/2039	5,562,000	5,461,043		
Ox Fibre Apartments - Freddie TEL	2020	4/1/2037	11,030,000	10,873,630		
Windsor and Main - Freddie TEL	2020	5/1/2039	5,500,000	5,430,474		
Hollander Ridge - Freddie TEL	2020	5/1/2040	6,850,000	6,753,531		
Knowles Manor - Freddie TEL	2020	8/1/2040	13,975,000	13,949,549		
Suitland - Freddie TEL	2020	4/1/2041	19,100,000	19,000,386		
Snowden's Ridge Apartments - Freddie TEL	2020	1/1/2038	21,100,000	20,399,614		
Newtowne 20 - Freddie TEL	2020	7/1/2041	9,350,000	9,327,095		
Rye Street Apartments - Freddie TEL	2020	1/1/2042	73,500,000	64,350,850		
Hillbrooke Towers - Freddie TEL.....	2021	8/1/2040	6,772,000	6,761,368		
525 Aisquith Apartments - Freddie TEL.....	2021	1/1/2042	22,000,000	21,088,949		
420 Aisquith Apartments - Freddie TEL.....	2021	6/1/2041	15,000,000	13,797,896		
Hillwood Manor - Freddie TEL.....	2021	7/1/2041	18,705,000	17,416,102		
Sandy Spring Sr. Village - Freddie TEL	2022	3/1/2039	12,230,000	11,626,340		
Woodland Gardens II - Freddie TEL.....	2022	10/1/2039	9,835,000	8,226,492		
St. Anne's Senior Apartments - Freddie TEL.....	2022	11/1/2041	13,550,000	10,566,013		
Frederick Road Senior Apartments - Freddie TEL.....	2022	12/1/2041	20,000,000	12,017,673		
Residences at Springbrook - Freddie TEL.....	2022	1/1/2040	14,000,000	9,357,562		
Perkins Phase I - Freddie TEL.....	2022	1/1/2042	20,200,000	10,437,806		
Highlandtown Plaza CO-OP - Freddie TEL.....	2022	1/1/2042	7,830,000	7,830,000		
Guardian House - Freddie TEL.....	2022	8/1/2042	11,950,000	7,098,205		
Cold Spring Lane - Freddie TEL.....	2022	9/1/2042	14,080,000	9,758,404		
4010 Randolph Road - Freddie TEL.....	2022	12/1/2040	41,555,000	3,885,414		
Autumn Woods - Freddie TEL.....	2022	1/1/2041	61,330,000	61,330,000		
Glenarden Hills Phase 3 - Freddie TEL.....	2022	1/1/2043	21,150,000	2,195,972		

Other Outstanding Bonds of the Administration

	<u>Year of Issue</u>	<u>Final Maturity</u>	<u>Amount of Note</u>	<u>Amount Outstanding</u>	(7)
Multifamily Notes continued					
Perkins Phase II B - Freddie TEL.....	2022	7/1/2042	\$ 16,350,000	\$ 710,671	
Residences at Forest Glen 4 - Freddie TEL.....	2023	2/1/2044	33,790,000	55,000	
Charles Landing - Freddie TEL.....	2023	2/1/2040	9,050,000	8,961,456	
Willows At Salisbury - Freddie TEL.....	2023	10/1/2040	8,310,000	3,799,195	
Bon Secourts Apartments - Freddie TEL.....	2023	8/1/2042	10,260,000	1,324,953	
Hill House at Beechfield - Freddie TEL.....	2023	8/1/2041	28,275,000	2,719,110	
North Fredrick Apartments - Freddie TEL.....	2023	4/1/2043	17,280,000	633,081	
Park Montgomery Apartments - Freddie TEL.....	2023	4/1/2043	30,350,000	14,104,489	
Total Multifamily Notes.....			<u>\$ 687,398,000</u>	<u>\$ 457,642,962</u>	
Total Amount of Other Bonds and Notes Outstanding			<u>\$ 5,639,633,759</u>	<u>\$ 3,804,881,581</u>	
Total Amount of Housing Revenue Bonds Outstanding (10)			<u>\$ 625,905,000</u>	<u>\$ 507,176,489</u>	
Total Amount of All Bonds and Notes Outstanding			<u>\$ 6,265,538,759</u>	<u>\$ 4,312,058,070</u>	

- (1) Certain prepayments of mortgage loans financed with the proceeds of such series of bonds are to be applied first to the redemption of certain bonds within such series.
- (2) These are variable rate bonds that are repriced according to the terms in the respective Official Statement.
- (3) These are taxable bonds with redemption provisions pertaining only to these bonds. For a description of the redemption provisions refer to the Official Statement.
- (4) These are taxable bonds.
- (5) Multi-Family Mortgage Revenue Bonds Series 2009 A-3 are non-parity bonds under this bond resolution. These bonds are special obligations payable solely from the trust estate pledged under the series resolution.
- (6) These pass-through bonds are subject to mandatory payment, without premium, on the first day of each month from scheduled principal payments and prepayments. For a description of the principal payment and redemption provisions refer to the Official Statement.
- (7) These are Freddie Mac tax-exempt loans (Freddie TEL) with CDA as the governmental lender and Wilmington Trust, National Association, as the fiscal agent.
- (8) These bonds are stand-alone non-parity bonds under the Bond Resolution pledged solely from the trust estate pledged under the applicable series resolution and not from revenues or other amounts pledged to parity bonds. These bonds are pass-through bonds and are subject to mandatory payment, without premium, on the first day of each month from scheduled principal payments and prepayments. For a description of the principal payment and redemption provisions refer to the Official Statements for these bonds.
- (9) The 2022 Series E Bonds are subject to mandatory tender on the following dates: (i) June 1, 2023 with respect to the 2022 Series E-1 Bonds, (ii) September 1, 2023 with respect to the 2022 Series E-2 Bonds, and (iii) February 1, 2024 with respect to the 2022 Series E-3 Bonds. The Administration expects to refund each series of 2022 Series E Bonds on their respective mandatory tender date.
- (10) See information under caption "Outstanding Housing Revenue Bonds" above.

For updated information on issuances and/or redemptions after October 1, 2023, please refer to the website www.dhcd.maryland.gov, Investors.

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APPENDIX F

MORTGAGE INSURANCE AND GUARANTEE PROGRAMS

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THE MHF INSURANCE PROGRAM

(information as of September 30, 2023)

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

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

In early 1997, the Department suspended all insurance activity of MHF (except for pool insurance for certain Single Family loans), partly as a result of concerns expressed by Moody’s Investors Service (“Moody’s”) during the 1996 and 1997 rating review. The Department responded to Moody’s concerns and has consulted with Moody’s regarding the implementation of certain of MHF’s insurance programs. MHF continues to service active insured loans originated prior to 1997 and is operating the insurance programs described below.

Multifamily Loan Programs

MHF insures mortgage loans under a group home loan program known as “SHOP” (Special Housing Opportunities Program) that finance or refinance the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population, which are owned by and sponsored by nonprofit organizations. This is an active program with loans funded through the Administration and insured by MHF.

The Administration is a participant in the Federal Housing Administration’s (“FHA”) Risk-Sharing Program (the “FHA Risk-Sharing Program”) for multifamily loans. As a Level I participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, the Administration would be responsible for reimbursement to FHA of up to 50% of such claim. As a Level II participant, the Administration would be responsible for reimbursement to FHA of up to 25% of such claim. The Administration expects that MHF would reimburse the Administration for its share of such losses, pursuant to a commitment letter issued by MHF to the Administration in connection with each loan. Between 1997 and 2004, the Administration participated in the FHA Risk-Sharing Program only in connection with the refinancing of loans then insured by MHF where the Administration was able to decrease the dollar amount of MHF’s insurance exposure with respect to such loans. In 2004, the Department expanded its MHF insurance program for new loans funded through the Administration with credit enhancement under the FHA Risk-Sharing Program.

MHF has also provided mortgage insurance for short term loans made by the Administration pursuant to the Tax Credit Bridge Loan Insurance program. For a project which qualifies for federal low income housing tax credits, MHF provides limited insurance for bridge loans made by the Administration until equity capital contributions are made by the tax credit investor. The Tax Credit Bridge Loan Insurance program is governed by Sections 3-203 and 3-206 of the MHF Statute and COMAR 05.06.02 of the MHF Regulations. There are no loans currently insured under this program.

Effective December 9, 2014, MHF and the Administration created a Demonstration program (the “MHF Demonstration Program”) whereby MHF insures short term loans (“Short Term Loans”) financed with proceeds from the sale of short-term bonds (the “Short Term Bonds”) issued under the Administration’s multifamily Housing Revenue Bond Resolution (“HRB”). The MHF Demonstration Program is an additional cost-effective option extended to borrowers for the provision of credit enhancement for Short Term Loans financed under HRB. Eligibility for the MHF Demonstration Program is limited to projects where the project would need to use more than 25% of its projected tax credit equity to cash collateralize a letter of credit (“LOC”) that otherwise would be delivered to secure Short Term Bonds during construction, and the amount of the Short Term Loan (which equals the amount of the cash collateral account that would be required by a LOC provider) is greater than 25% of the projected tax credit equity. No borrower, including all related entities, may have Short Term Loans insured under the MHF Demonstration Program at any one time in excess of \$5 million. In addition, 25% of the projected amount of tax credit equity to be generated by a project must be contributed to the project at the closing of the Short-Term Loan. MHF’s obligations under the MHF Demonstration Program are backed only by MHF’s Unallocated Reserve. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million. There are no loans currently insured under this program.

Single Family Loan Programs

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

In June 2006, the Department authorized the expenditure of up to \$1 million of the Revitalization Program Insurance Reserve to provide credit enhancement to a loan program that is sponsored by a nonprofit corporation, which is intended to stabilize and strengthen property values in targeted areas of the City of Baltimore. In this agreement, MHF agreed to provide credit enhancement on loans enrolled in the program for a period of up to 10 years from the date the loan is enrolled in the pool. MHF’s ability to enroll new loans under that agreement terminated March 31, 2012, and the ten-year coverage of the last loans enrolled in this pool ended on March 28, 2022.

The Department negotiated an agreement dated January 12, 2012, authorizing the expenditure of up to an additional \$800,000 of the Revitalization Program Insurance Reserve to provide credit enhancement for a second loan pool. Similar to the first loan pool, the credit enhancement will last for a period of up to ten years after the date the loan is enrolled in the pool; the enrollment period for the second pool ended in January 2020. There are 107 loans in this second pool totaling \$12,946,108 in outstanding balances with a remaining contingent liability of \$258,922. A new agreement effective January 2, 2020 was negotiated authorizing the expenditure of up to an additional \$600,000 of the Revitalization Program Insurance Reserve to provide credit enhancement for a third loan pool. Like the previous pools, the credit enhancement will last for a period of up to ten years from the date the loan is enrolled in the pool. All loans to be credit enhanced in this third pool must be enrolled by January 2, 2025. There are currently 63 loans enrolled in this third pool totaling \$8,133,856 in outstanding balances with a current contingent liability of \$139,438.

In 2008, MHF committed \$10 million of the Unallocated Reserve to provide credit enhancement for certain single family refinancing loans made by private lenders under the Department’s Home Owners’ Preserving Equity (“HOPE”) initiative. The General Reserve Insurance (“General Reserve”) was officially established by regulation in November 2008 to insure a broad range of programs, including the HOPE initiative. As of September 30, 2023, there are only 9 remaining loans insured in this program with outstanding balances totaling \$1,788,424. Accordingly by June 2023, MHF reduced the General Reserve initially set aside to back up the insurance obligation in this program to \$2,593,422 transferring the \$6Mn reduction to the Business Loans programs.

Business Loan Programs

Legislation was passed effective July 1, 2016, allowing MHF to provide insurance coverage and credit enhancement to loans originated by the Administration or other eligible lenders on business projects that will acquire, operate, construct or rehabilitate businesses located in publicly designated renewal or redevelopment areas. This program is governed by Sections 3-203 and 3-206 of the MHF Statute. A separate Business Insurance Reserve (“Business Reserve”) was created for this program funded by a \$1.5Mn Reserves transfer from General Reserve in 2017 and a total of \$7.5Mn transfers from Unallocated Reserve during 2018, 2021, and 2023. There are no loans currently insured under this program.

Additional Information

For fiscal year 2003, the Maryland Department of Legislative Services asked MHF and the Administration whether there were funds available for transfer to the State. After being advised by Moody’s that a transfer, in and of itself, would not have an adverse effect on the rating of the Administration’s outstanding parity debt, including the bonds, MHF transferred \$10 million from the Unallocated Reserve to the State. No transfer occurred in 2004, 2005, 2006, or 2007. Legislation was enacted during the 2008 session (SB 983) requiring another \$10 million to be transferred. Beginning in fiscal year 2010, and as codified at Section 3-203(i) of the MHF Statute, any amount in the Unallocated Reserve at the end of any fiscal year that exceeds an amount necessary to provide backing for insurance issued by MHF by more than \$10 million, shall be transferred to the Department’s revolving housing loan funds. During the fiscal years ending June 30, 2012, 2013, 2014, 2015, 2016 and 2017, MHF transferred \$2.1 million, \$1.1 million, \$0.77 million, \$0.88 million, \$0.87 million, and \$0.94 million, respectively. As the amount in the Unallocated Reserve at end of fiscal years June 30, 2017 through 2019 and June 30, 2021 through 2023 was less than \$10 million; no transfer was required in fiscal years 2018, 2019, 2020, 2022, and 2023. While in fiscal year 2021 MHF transferred \$152 thousand based upon the balance outstanding in that reserve as of June 30, 2020. For more information, see “Management’s Presentation of the MHF Program” below.

MANAGEMENT’S PRESENTATION OF THE MHF PROGRAM

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

Financial Statements and Information

The financial statements of MHF for the fiscal year ending June 30, 2023 and June 30, 2022 have been audited by CliftonLarsonAllen LLP. As indicated in the report of the auditors, such financial statements have been prepared in conformity with accounting principles and the audits conducted in accordance with auditing standards generally accepted in the United States. The financial statements of MHF are reported on a consolidated basis combining results of operations for all MHF Programs.

Income and Reserves

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

MHF currently maintains six insurance reserves, which are separate from MHF’s operating funds. Five of the reserves cover specific categories of insurance: the Multifamily Insurance Reserve, the Single Family Regular Insurance Reserve, the Revitalization Program Insurance Reserve, the Business Reserve and the General Reserve. The investment earnings on each of the five specific reserves are credited to a sixth reserve, the Unallocated Reserve, which may be used to pay claims on all categories of insurance, or may be transferred into any other reserve, or may be restricted for claims

under a particular category. The Unallocated Reserve is available for any category of claims or for any other purpose consistent with contractual obligations with the Administration’s bondholders. Prior to 2011, MHF had maintained a reserve for the Home and Energy Loan Program. The reserve balance of \$500,000 was transferred into the Unallocated Reserve when the last loan insured under the program paid off in fiscal year 2009.

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

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

Statements of Net Assets Discussion

In fiscal year ending June 30, 2023, the overall equity increased from \$78,610,399 to \$81,335,452 mostly attributable to higher interest income as interest earnings on fund reserves began to improve in the latter part of the fiscal year 2022. In the first quarter of fiscal year 2024 ending September 30, 2023, the overall equity further increased to \$82,301,853 primarily due to premiums and application fees from new multifamily loan closings during the quarter coupled with interest income on fund reserves.

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

In fiscal year 2023, the Unrestricted Accumulated Deficit increased from \$6,324,779 to \$6,343,740, attributed to the recapture of accrued claims of \$72,096 back into the Single Family Reserve due to the denial of the claim submitted, offset by the operating income of \$53,135 (net of investment income on reserve funds). During the first quarter of fiscal year 2024, the Unrestricted Accumulated Deficit decreased to \$6,009,033 mainly due to higher operating income on account of premiums and fees from new multi-family loan closings during the quarter as mentioned above.

Discussion of Changes in Net Position

During the fiscal year 2023, MHF reported a Change in Net Position of \$2,725,053 attributable to higher interest income on its reserves. During the first quarter of fiscal year 2024, MHF reported a Change in Net Position of \$966,401 primarily due to high earnings from premium and application fees on account of newly closed multi-family loans coupled with higher interest income on reserves.

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

Discussion of Operating Cash Account

Selected Activity in MHF's Operating Cash Account

The following table is management's presentation of selected activity in MHF's operating cash account as of September 30, 2023:

	<u>Single Family</u>	<u>Multifamily</u>	<u>Business</u>	<u>Total</u>
Premiums and Fees Collected ⁽¹⁾	\$75,741	\$542,457	\$ 0	\$618,198
Operating Expenses Paid ⁽²⁾	(210,611)	(59,364)	0	(269,975)
Premiums Net of Operating Expenses	(134,870)	483,093	0	348,223
Claims ⁽³⁾	0	0	0	0
Recoveries ⁽⁴⁾		10,126	0	10,126
Net Claim Activity		10,126	0	10,126
Other ⁽⁵⁾	(3,648)	(53,667)	0	(57,315)
Net Cash from Selected Activity	<u>(\$138,518)</u>	<u>\$439,552</u>	<u>\$ 0</u>	<u>\$301,034</u>

Notes:

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

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

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

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

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

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

During the first quarter of fiscal year 2024, ending September 30, 2023, the net activity in MHF's operating cash was (\$138,518) for Single Family and \$439,552 for Multi-Family. The change in operating cash in Single Family was primarily due to allocated operating expenses exceeding revenues. The change in operating cash in Multi-Family was primarily due to premium and applications fees on new insurance applications.

Liquidity

MHF's primary uses of funds are to pay its operating expenses (direct and indirect) and to satisfy Business, Multifamily and Single Family claims under its insurance policies resulting from loan defaults (payment or physical) by insured borrowers. In general, MHF's insurance policies require MHF to pay claims to lenders, which include the total principal outstanding, interest in arrears (through foreclosure), and other expenses associated with failed real estate loans (e.g., foreclosure costs, negative escrows, etc.). MHF occasionally acquires a loan or property with the payment of a claim. The proceeds of the sale of acquired loans or properties are deducted from the original claims to derive the net loss (or net gain) associated with the defaulted loan claims.

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

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

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

Discussion of Single Family Regular Insurance Leverage Ratios

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

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

Under the 2010 Single Family Insurance Agreement, MHF has contracted with the Administration that, except as necessary to pay claims or advances on claims, MHF will not permit the ratio of the aggregate dollar amount of the Single Family insurance to assets in the Single Family Regular Insurance Reserve (as may be reduced as described below) to exceed 25 to 1, and that no new insurance payable from the Single Family Regular Insurance Reserve shall be issued or committed to, if upon such issuance or commitment and subsequent issuance, that ratio would be exceeded.

Due to MHF having never insured loans that were securitized by Fannie Mae, on April 4, 2014 MHF notified Fannie Mae of its intent to cease seeking certification as a Fannie Mae qualified insurer and requested that Fannie Mae remove MHF from its list of eligible mortgage insurance providers. The Administration and MHF have entered into the First Amendment to the 2010 Single Family Insurance Agreement between MHF and the Administration, dated as of April 30, 2014, which eliminates the obligation of MHF to take all actions necessary for the qualification of Single Family Regular

Program insurance as mortgage insurance from a qualified insurer within the meaning of Section 3.02(6)(2) of the Fannie Mae Charter Act.

Selected Information about the Single Family Regular Insurance Reserve Ratios

	<u>06/30/22</u>	<u>06/30/23</u>	<u>09/30/23</u>
Single Family Regular Insurance Reserve ⁽¹⁾⁽²⁾	\$13,821,570	\$13,893,666	\$13,893,666
Amount Available for Calculation of Ratio of Insurance to Available Reserve ⁽³⁾	13,821,570	13,893,666	13,893,666
Primary Insurance coverage in force ⁽⁴⁾			
Insurance Agreement prior to 2005	1,300,697	814,140	723,271
Insurance Agreement post 2005	3,281,353	3,052,988	2,948,120
Pool Insurance coverage in force ⁽⁵⁾	-	-	-
Ratio of Mortgage Loans to the Regular Reserve	0.33 to 1	0.28 to 1	0.26 to 1

Notes:

⁽¹⁾ The Single Family Program does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of September 30, 2023, MHF had committed no additional primary insurance coverage.

⁽²⁾ Fund balances for MHF reserves are calculated in the same manner as in the financial statements of MHF and include investment income earned and allocated by the Secretary to the Single Family Regular Insurance Reserve.

⁽³⁾ In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Insurance Reserve or the Multifamily Insurance Reserve may be reduced in a manner determined by MHF to be appropriate. As of September 30, 2023, there was no reduction in the Single Family Regular Insurance Reserve to cover the accumulated deficit.

⁽⁴⁾ The primary insurance coverage is 25% of the allowable claim for loans insured prior to 2005 under the Single Family Insurance Agreement (\$2,893,082 at September 30, 2023). The primary insurance coverage is 35% of the allowable claim for loans insured under the 2005 Single Family Insurance Agreement (\$8,423,201 at September 30, 2023).

⁽⁵⁾ In 2010, MHF provided pool coverage for certain loans done by the Administration prior to 1997. Effective August 1, 2010 the Administration released MHF from any obligation to provide pool insurance for MHF Pool-Insured Loans.

Discussion of Multifamily Insurance Leverage Ratios

MHF operates its multifamily insurance in accordance with an amended and restated insurance agreement dated February 12, 2006, with the Administration (the “Insurance Agreement”).

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

Selected Information about the Multifamily Insurance Reserve Ratios

	<u>06/30/22</u>	<u>06/30/23</u>	<u>09/30/23</u>
Total Multifamily Insurance Reserve ⁽¹⁾	\$44,698,739	\$53,698,739	\$53,698,739
Amount Available for Calculation of Ratio of Insurance to Available Reserve ⁽²⁾	44,698,739	53,698,739	53,698,739
Insurance Outstanding			
Multifamily mortgage insurance in force	\$168,232,957	\$195,494,511	\$203,058,371
Ratio of Insurance to Available Reserve	4.26 to 1	3.93 to 1	4.22 to 1

Notes:

⁽¹⁾ The Multifamily Insurance Reserve does not include amounts, if any, which have been restricted for possible additional insurance coverage in the Unallocated Reserve. As of September 30, 2023, MHF had committed to additional mortgages in the amount of \$23,482,036.

⁽²⁾ In order to determine the leverage ratios, if the Unrestricted Accumulated Deficit exceeds the Unallocated Reserve, the Single Family Regular Insurance Reserve or the Multifamily Insurance Reserve may be reduced in a manner determined by MHF to be appropriate. As of September 30, 2023, there was no reduction in the Multifamily Insurance Reserve to cover the accumulated deficit.

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

SINGLE FAMILY INFORMATION

Certain Additional Expected Single Family Claims

Under its Single Family Regular insurance program, MHF is not obligated to pay claims on Single Family insurance until after the insured lender has completed foreclosure, evicted the occupants of the properties (if necessary) and restored the property to a condition satisfactory to MHF. As a result, at any time there are a number of mortgages that have been foreclosed and which are likely to result in payment of claims, but which have not yet reached the point where MHF recognizes them as liabilities in its financial statements. The total amount of such potential claims was \$167,845 as of September 30, 2023. On a quarterly basis, MHF includes its projection of net losses with respect to these potential claims in its financial statements as part of the allowance for Single Family insurance losses. These amounts are potentially payable from other resources of MHF, including operating cash, the Unallocated Reserve and the Single Family Regular Insurance Reserve.

Discussion of Single Family Operations

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

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

Single Family Claims Experience

The following chart sets forth information about claims on mortgage loans insured under the Single Family Regular Insurance Reserve and the Revitalization Program Insurance Reserve. Prior to 2016, MHF acquired properties upon paying a claim. No properties have been acquired by MHF since fiscal year 2016 as the Administration has elected to keep title to all acquired properties and only request MHF to pay its pro rata claim amount. The data for all reporting periods is subject to adjustment due to additional expenses paid and proceeds received after September 30, 2023.

Single Family Claims Experience

	<u>06/30/22</u>	<u>06/30/23</u>	<u>09/30/23</u>
Pro-Rata Claims Paid	\$16,309	(\$65,995) ⁽¹⁾	-
Properties Acquired	-	-	-
Gross Claims Paid	16,309	(65,995)	-
Recoveries	(3,380)	(6,101)	-
Net Claims Paid	\$12,929	(\$72,096)	-

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

2010 Single Family Insurance Agreement

The 2010 Single Family Insurance Agreement provides as follows:

- (1) MHF will not decrease the amount of funds in the Single Family Regular Insurance Reserve as increased from time to time for any reason except to pay claims and advances against claims arising under the Program and for expenditures with respect to properties acquired by MHF as a result of payment of such claims.
- (2) Except as necessary to pay claims and advances on claims and except for expenditures with respect to properties acquired by MHF as a result of payment of such claims, MHF will not exceed a certain leverage ratio. See “Management’s Presentation of the MHF Program – Discussion of Leverage Ratios.”
- (3) MHF and the Administration agree that MHF is released from any obligation to continue to provide pool insurance for loans originally covered by pool insurance under the 1980 Single Family Insurance Agreement.

Terms of Single Family Insurance Coverage

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

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

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

- (1) Loan Assignment – MHF takes an assignment of the mortgage and pays the claim (but not including expenses of foreclosure and acquisition of title);
- (2) Fixed Percentage Settlement – claim settlement under this option is applicable when MHF provides for payment based on a declared percentage of the outstanding loan amount before foreclosure sale, and MHF, under this method, also waives any interest in the subject property;
- (3) Lender Acquisition Settlement – the lender acquires title at foreclosure (or by deed in lieu of foreclosure) and transfers title to MHF, and MHF pays the amount of the claim up to the percentage specified in the insurance policy; and
- (4) Third Party Acquisition – when the property is sold to a third party (at foreclosure, by the lender after taking a deed in lieu of foreclosure, or by the borrower after the commencement of foreclosure proceedings), with the approval of MHF, MHF pays the lesser of the percentage specified in the primary policy before crediting net sales proceeds or the full claim after crediting net proceeds of sale.

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

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

MULTIFAMILY INFORMATION

Multifamily Insurance in Force and Available Reserves

The following table sets forth information about outstanding insurance on mortgage loans under MHF’s Multifamily program as of June 30, 2023. The amounts shown are net of debt service claim payments.

Outstanding Multifamily Insurance

Lender	Units	# of Loans	Original Insured Principal Amount	Current Balances
CDA permanent financing on large multifamily projects ⁽¹⁾	8,438	98	\$239,035,850	\$193,405,243
CDA Demonstration Program ⁽²⁾	-	-	-	-
CDA Special Housing Opportunity Program (SHOP) ⁽³⁾	388	114	17,505,202	9,653,128
TOTAL	8,826	212	\$256,541,052	\$203,058,371

⁽¹⁾ Loans financed with proceeds of the Administration's Housing Revenue Bonds and the Administration's Multi-Family Residential Revenue Bonds (Insured Mortgage Loans). The loans provided permanent financing for construction and permanent for developments located in 21 counties and the City of Baltimore. The projects (not including SHOP) contain units that are assisted under the Section 8 Program.

⁽²⁾ On December 9, 2014, CDA and MHF created a new Demonstration Program whereby MHF insures short term loans. By utilizing MHF for this purpose, borrowers may avoid the need to obtain costly letters of credit. No loans are outstanding under this program as of September 30, 2023.

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

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

Certain Additional Expected Multifamily Claims

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

Discussion of Multifamily Operations

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

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

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

"C" Projects are those projects that are in financial or physical default or otherwise present a strong risk of financial or physical default.

MHF's Risk Rating of the Multifamily Projects as of September 30, 2023

	Outstanding Principal Balances	Percentage of Total Principal	Number of Loans	Number of Projects
"A" Loans: ⁽¹⁾	\$458,903,919	84.20%	86	72
"B" Loans:	85,860,676	15.75%	11	11
"C" Loans:	262,278	0.05%	1	1
Portfolio Totals:	\$545,026,873	100.0%	98	84

⁽¹⁾ Included in the 'A' Loans, in the "Outstanding Principal Balance" column, is \$9,653,128 for 114 group home (SHOP) loans, which are not reflected in the 'Number of Loans' or 'Number of Projects' columns

Portfolio Management. The Division evaluates each of the loans in the "B" and "C" categories to develop an appropriate plan for mitigating risk of potential default. Strategies may include loan modification, use of additional resources, adjustments to funding of reserves for replacement going forward, payment forbearance, and replacement of management agents. As of September 30, 2023, there was one loan in the "C" category collateralized by a marketable security whose value significantly exceeds the outstanding loan amount, minimizing any additional financial risk to MHF.

Multifamily Claims Experience

The following chart describes claims paid by MHF on loans insured under the Multifamily Insurance Reserve as of September 30, 2023.

In the column entitled "Claims Net of Cash Recoveries," the figures show the result as of September 30, 2023. Workouts are in progress. See the individual footnotes below for further information.

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MULTIFAMILY CLAIMS PAID BY MHF

Development/Claim Status	Principal	Interest & Carrying Costs	Total	Recoveries	Claims Net of Cash Recoveries	Date Claim Paid
<u>Closed Claims</u>						
Single Family Mortgage Loans ⁽¹⁾	\$ 309,392	\$ -	\$ 309,392	\$ 346,620	\$ 37,228	Various
Beethoven Apartments	40,000	-	40,000	40,000	-	
Douglynne Woods & Rhoda's Legacy	566,658	-	566,658	566,658	-	04/1982
Bond Street ⁽²⁾	543,940	71,711	615,651	408,859	(206,792)	08/1989
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
Lease Purchase ⁽²⁹⁾	1,534,088	82,619	1,616,707	1,000,277	(616,430)	05/1996
<u>Claims where debt is outstanding</u>						
Renaissance Plaza ⁽²⁷⁾	\$6,907,349	\$4,680,554	\$11,587,903	\$5,071,731	(\$6,516,168)	02/1991
Mount Pleasant ⁽²⁸⁾	3,506,595	601,296	4,107,891	4,066,175	(41,716)	02/1996

Notes:

- (1) Claims on eight Single Family loans insured under the Multi-Family Reserve before 1980.
- (2) Bond Street Deed of Trust Note in the original principal amount of \$543,940.
- (3) 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 County ratified the foreclosure sale on January 25, 2001. A contract for the sale of the property was executed on February 7, 2001, and sold on August 30, 2001, in the amount of \$5,100,000. MHF received net proceeds from the sale in the amount of \$4,844,394 and a Note in the remaining amount of \$210,000 payable by February 1, 2004. The purchaser made payments on the MHF Note totaling \$232,981, including the final payment in the amount of \$130,772, which was received on May 21, 2003.

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

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

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

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

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

(26) Hollins Townhouses Deed of Trust Note in the original principal amount of \$2,300,000. MHF paid all amounts in arrears totaling \$176,025, and the Administration accepted a promissory note from MHF in the total principal amount of \$2,427,094, with interest at the annual rate of 7%, which had a maturity date of December 31, 1995. MHF paid the claim note in full as of February 22, 1995. To date, MHF has paid principal and interest on the claim note and operating deficits in full as of February 22, 1995. To date, MHF has paid principal and interest on the claim note and operating

deficits in the total amount of \$3,518,764. MHF foreclosed on this development in an uncontested foreclosure proceeding held on July 14, 1995. The original collateral for the loan consisted of 48 scattered site units of which the last unit was sold in April 2011.

⁽²⁷⁾ Renaissance Plaza Deed of Trust Note in the original principal amount of \$7,000,000. MHF paid all amounts in arrears totaling \$428,052 in February 1991. In connection with the default, MHF also paid additional principal of \$6,880,050; interest totaling \$1,498,664, and operating deficits in the amount of \$2,781,137. The Renaissance Plaza project, which consists of three buildings, has been sold pursuant to the orders of a judicial receivership. Closing on the sale of one building occurred on December 30, 1993. MHF received two notes in payment of the purchase price: a first lien mortgage in the amount of \$2,722,544 at 6.22% interest, \$365,000 of which is an amortizing loan, the balance to be paid out of cash flow, if any from the properties; and a second lien gap note in the amount of \$512,404 at 0% interest until maturity. The gap note was paid in full at the closing of financing for rehabilitation of the building on February 18, 1994. The closing of the other two buildings occurred on December 14, 1994. MHF received three notes in payment of the purchase price for the two buildings: a first lien mortgage in the amount of \$2,600,000 at 7.4% interest to begin amortizing on January 1, 1997; a second lien mortgage in the amount of \$4,450,000 at 8.23% interest to be paid out of cash flow, if any, from the properties; and a third lien gap note in the amount of \$500,000 at 0% interest until maturity (April 13, 1995), and a default rate of 7.4% interest. The gap note was paid in full at the closing of financing for rehabilitation of the two buildings on February 14, 1995. The \$2,600,000 deed of trust note was sold at par and assigned to the Administration on September 24, 1996, in connection with an issuance of bonds by the Administration.

⁽²⁸⁾ In February 1996, MHF accepted assignment of a Deed of Trust and Deed of Trust Note in the original principal amount of \$3,900,000 for a project called Mount Pleasant. MHF paid a claim for the project in the amount of \$4,107,891 on February 15, 1996. The property was sold to new ownership that planned to rehabilitate the project using a combination of new equity funds and State and City of Baltimore financing in combination with proceeds of the Administration's Multi-Family 1995 December Bond Issue in the amount of \$2,550,000. New Administration and MHF loan documents were executed in conjunction with a loan closing in July 1996. MHF received a Deed of Trust Note in the amount of \$1,087,259 of which \$293,770 is an amortizing 0% interest loan, and the balance is a cash flow loan with interest accruing at 2% per annum. MHF received partial recovery of \$2,450,000 at the time of closing and \$1,066,720 in September 1996. Reserves for construction 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 known as Lease Purchase. MHF paid a claim for the project in the amount of \$1,587,498 on May 15, 1996. MHF received partial recovery of this amount upon disposition of the underlying collateral. MHF accepted a deed of assignment on this project on July 12, 1996. The original collateral for the loan consisted of 40 scattered site units, the last two of which were sold in April 2020.

Actuarial Study

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

Staff

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

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

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

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

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

Sergei V. Kuzmenchuk joined the Department as its Chief Financial Officer in June of 2015 after serving as Chief Financial Officer at the District of Columbia Housing Finance Agency (the “DCHF”) since October 2008. Prior to joining the DCHF, he served as the Department’s Deputy Director of Finance for the Administration from August 2000 until January 2006, and Director of Finance for the Administration from January 2006 until October of 2008. Prior to his work at the Department and DCHF, Mr. Kuzmenchuk worked in various financial management and international trade and banking capacities, both domestically and overseas. Mr. Kuzmenchuk earned his Master of Business Administration degree in Accounting in 2002 from the Joseph A. Sellinger, S.J., School of Business and Management, Loyola University, and in 1995 earned a Master of Public Management degree in Public Sector Financial Management from the School of Public Policy, University of Maryland, College Park. In 1993, Mr. Kuzmenchuk received his Bachelor of Arts and Master of Arts degrees in English and French Interpretation from the Minsk State Linguistic University, Minsk, Belarus.

Crystal Quinzani became Acting Director of Division Finance Administration (DFA) in August 23, 2023. Prior to this move she was the Deputy Director, MHF Finance, Special Projects and Reporting for DFA, a position that she held since May 2022. Ms. Quinzani joined the Department in August 2016 as Director of Financial Analysis for DFA and in July 2017 became Director of MHF Finance for DFA. She came to the Department from the State of Florida, where she worked for the Florida Office of Financial Regulation for seven years, and was Area Financial Manager for the Division of Banking. Prior to her work with the State of Florida, she spent 16 years working in various capacities in community banks in the Orlando, Florida area. She holds a Bachelor of Arts degree in Finance from the University of Central Florida.

Eizebel Trojillo was appointed Deputy Director, Budget and Grant Accounting, of the Division of Finance and Administration (DFA), effective May 9, 2022. Prior to her appointment, Ms. Trojillo served as the Director of Budget Analysis for DFA, a position that she held since November 2019. Before joining the Department, Ms. Trojillo worked overseas with Royal Dutch Shell Philippines for 20 years, with her last position being the Downstream Compliance Manager in charge of Governance, Risk, and Sarbanes-Oxley Act Compliance. Ms. Trojillo holds a Bachelor of Science degree in Accounting from the Assumption College, Makati, Philippines, and is a Certified Public Accountant (Philippines chapter).

Additional Information

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

THE FHA INSURANCE PROGRAM

The following is a brief description of the multifamily mortgage insurance program administered by HUD, acting through FHA, pursuant to Section 542(c) of the Housing and Community Development Act of 1992, as amended, (the “Risk Sharing Act”) and Sections 221(d)(3) (“Section 221(d)(3)”), 221(d)(4) (“Section 221(d)(4)”) and 223(f) (“Section 223(f)”) of Title II of the National Housing Act, as amended, and is qualified in its entirety by reference to the National Housing Act and the Risk Sharing Act and the regulations thereunder.

FHA Multifamily Mortgage Insurance

FHA is authorized under the National Housing Act, as amended, to insure mortgage loans, including mortgage loans financing developments containing five or more dwelling units. FHA mortgage insurance provided pursuant to Section 221(d)(3) and Section 221(d)(4) are the principal forms of federal mortgage insurance available for new construction or substantial rehabilitation purposes. Section 223(f) provides insurance for refinancing of mortgages on existing properties. Prior to issuing a commitment for mortgage insurance pursuant to these sections, FHA or an FHA-approved lender processes a mortgage loan through several stages of review to determine the acceptability of the development securing the mortgage loan. Pursuant to this program, FHA insures mortgage loans providing acquisition, construction, substantial rehabilitation and long-term financing of a development.

Some of the Transferred Loans acquired with the proceeds of the Series 1996 A Bonds were insured by FHA, pursuant to Section 221(d)(3) or Section 221(d)(4). Currently, none of the Loans are directly insured under Sections 221(d)(3), 221(d)(4) or 223(f); however, the Administration may make Loans that utilize this form of Credit Enhancement in the future.

Insurance Benefits

If a default on a mortgage loan which is fully insured by FHA continues for a period of 30 days, regulations require that a written notice of the default be filed with FHA. Within 45 days of the date the mortgage becomes eligible to receive mortgage insurance benefits, the mortgagee is required to give written notice of the mortgagee’s intention to file an insurance claim. FHA mortgage insurance provides an option to the mortgagee either to assign the mortgage loan to FHA or to acquire title to the development by foreclosure and convey it to FHA.

Under the Section 221(d)(3) and 221(d)(4) programs, FHA will pay claims for insurance benefits in cash, in debentures, or in a combination of both, at the option of the Administration as mortgagee. Under the Section 223(f) program, FHA may elect to pay claims in cash or debentures, or a combination of both, as determined by FHA at or prior to the time of payment. In the event of a claim on a Mortgage Loan, the Administration will request payment in cash, but there can be no assurance that FHA will make payment in cash for Mortgage Loans insured under Section 223(f).

Following an assignment of a defaulted mortgage loan to FHA and the filing of a claim for insurance benefits, FHA will pay insurance benefits in an amount equal to the sum of (1) the unpaid principal amount of the mortgage loan, computed as of the date of default, (2) certain eligible payments made by the mortgagee, and (3) interest on the insurance proceeds from the date of default at the FHA debenture rate in effect when the FHA insurance commitment was issued or as of the date of initial endorsement, whichever is higher, less (a) an amount equal to 1% of the unpaid balance of the loan and (b) certain amounts received by the mortgagee from the mortgage or the property after the date of default and (c) certain cash items retained by the mortgagee. For defaults occurring after final endorsement, FHA may, but is not obligated to, pay 90% of the insurance claim within 15 days of when assignment of the

defaulted mortgage loan to FHA is recorded. For defaults occurring prior to final endorsement, FHA may, but is not obligated to, pay 70% of the insurance claim within 15 days of the recordation of the mortgage to HUD. In each case, HUD will pay the balance of the insurance claim after audit, usually within three to 12 months. In each case prompt payment by FHA is subject to, among other things, complete delivery by the mortgagee of all documentation required under FHA mortgage insurance. All of the Mortgage Loans insured by FHA have either been finally endorsed or are further credit enhanced by Guaranteed Securities.

The Loan Documents

The FHA Loans are made pursuant to certain standard form FHA documents some of which (but not including certain documents for new construction or substantial rehabilitation loans) are hereinafter generally described.

Regulatory Agreement. The owner of a development enters into a Regulatory Agreement with FHA which sets forth certain of the owner's obligations in connection with the management and operation of such development.

Pursuant to the Regulatory Agreement, the owner must establish a reserve fund for replacements. The reserve fund for replacements will be funded by monthly payments by the owner in the amount established by the mortgagee as directed by FHA. Moneys in such fund may be disbursed, with prior FHA approval, to replace structural elements or mechanical equipment of the development or for certain other purposes.

The owner may not make, receive, or retain any distribution of assets or income from the development, except from "Surplus Cash." "Surplus Cash" is defined in the HUD regulations as cash remaining at the end of any semiannual or annual fiscal period after the payment of (1) all sums due under the mortgage and the mortgage note, (2) all amounts required to be deposited in the reserve fund for replacements, and (3) all obligations of the development other than the mortgage (unless otherwise provided for). Surplus Cash does not include amounts held in special funds required to be maintained for the development or tenant security deposits.

In the event the owner violates any provisions of the Regulatory Agreement, and fails to cure the default within 30 days after the mailing of notice from FHA, or such longer period as FHA may determine, the Agreement provides that FHA may notify the mortgagee of the default and request the mortgagee to declare a default under the mortgage and mortgage note.

Mortgage Note. In the State of Maryland, the debt instrument for FHA-insured loans secured by real estate is a deed of trust note. References to a mortgage note herein are applicable to a deed of trust note.

The standard form FHA mortgage note is a nonrecourse obligation since the maker is not personally liable for the payment of the principal of the indebtedness and interest thereon. Each mortgage note evidencing an FHA Loan is in a face amount approved by FHA and has been endorsed for insurance by FHA at the initial closing of the mortgage loan as the same may be modified at final closing when the loan is cost certified. Each FHA-insured mortgage note is a fully amortizing note maturing up to 40 years after the date set by FHA for commencement of amortization.

Mortgage. In the State of Maryland, the underlying security for a deed of trust note is a deed of trust. References to a mortgage herein are applicable to a deed of trust.

In order to secure the payment of the debt evidenced by the mortgage note for an FHA Loan, the owner of the related Development has conveyed for the benefit of the payee under the mortgage note its title to the project site, together with all buildings, improvements and fixtures to be constructed on the site and all articles of personal property of the owner located on the site (collectively, the “mortgaged property”) and, in addition, has assigned to the mortgagee all rents, profits and income to be derived from the mortgaged property. Until final payment of the indebtedness, each owner agrees not to encumber the mortgaged property in any way without the consent of the Administration or the mortgagee and FHA.

In addition to the monthly payments due under the mortgage note, the mortgage obligates the owner to deposit with the mortgagee in escrow on the first day of each month sums sufficient to provide the mortgagee with funds to pay the next annual mortgage insurance premium and to pay estimated taxes, water charges, special assessments and fire and other hazard insurance premiums, if any, with respect to the mortgaged property.

Collection of Insurance Benefits

In the case of a monetary default, the date of default is deemed to be the date on which payment was originally due (i.e., the first of the month). Since interest is paid one month in arrears in FHA mortgage transactions, the mortgagee will not, in the event of a claim for insurance benefits, be reimbursed for interest which had accrued in the previous month and was due and payable on the date of default. FHA will reimburse the mortgagee only for interest at the applicable “debenture rate” commencing on the date of default.

Upon a default by the mortgagor which entitles the mortgagee to assign the mortgage to FHA, the mortgagee must notify FHA of the default and of the mortgagee’s intention to assign the mortgage within the time frames set out in the applicable FHA handbooks. Upon receipt of this notification and election, FHA reviews the documentation to determine whether the mortgagee is entitled to assign the mortgage and to receive insurance benefits under the mortgage insurance contract. Prior to actual assignment of the loan to FHA and receipt of insurance benefits, the mortgagee must also satisfy certain legal requirements including submission of a title policy showing (except for encumbrances approved by FHA) that no liens or encumbrances are superior or inferior to the mortgage lien.

The mortgagee is required to submit all required documentation within 45 days from the date the mortgage is assigned to FHA unless the time is extended by FHA. The documentation required to be supplied to FHA includes (1) an assignment of claims of the mortgagee against the mortgagor or others arising out of the mortgage; (2) all policies of title or other insurance or surety bonds or other guaranties and any claims thereunder, including evidence that the effective date of the title coverage has been extended to include assignment to FHA, (3) all records and accounts relating to the mortgage, (4) all property of the mortgagor held by the mortgagee, and (5) any additional information required by FHA. If the election is not made or the documents are not delivered within the 45 days, FHA will not pay the mortgagee interest on sums outstanding from the date the election should have been made or the date the required documents should have been submitted to FHA, whichever is applicable, to the date when the insurance claim is finally paid unless FHA has agreed to extend the period with interest.

Failure of a mortgagor to comply with the income and rental requirements of Section 103(b)(4)(A) of the 1954 Code or Section 142(d) of the 1986 Code, as applicable, does not constitute an event of default under the FHA Loans.

Partial Settlement Upon Assignment. FHA may request the mortgagee in lieu of assignment, to accept partial payment of the claim under the mortgage insurance contract and to recast the mortgage, under such terms and conditions as FHA may determine.

Deposits Held by Mortgagee. The mortgagee is responsible for all deposits under its control. FHA deducts from any insurance claim the amount of cash or cash equivalents held by the mortgagee on behalf of the owner. Where deposits are held by the mortgagee in the form of a letter of credit, it is the mortgagee's responsibility to convert the letter of credit to cash in the event the funds are necessary. For insurance purposes, FHA views a letter of credit held in lieu of cash deposit as the equivalent of cash. Letters of credit accepted by the Administration or the mortgagee must be unconditional and irrevocable. FHA does not review or approve letters of credit.

The mortgagee is responsible for all funds in its custody and must therefore obtain approvals from FHA and others, when required, prior to release of any funds which may be in its possession. Failure to protect properly such funds may result in a deduction from the FHA insurance claim in an amount equal to the funds FHA asserts should have properly been held as a deposit.

Warranties Upon Assignment. In the event of an assignment of a mortgage, FHA requires the mortgagee to warrant that (1) no act or omission of the mortgagee has impaired the validity and priority of the mortgage; (2) the mortgage is prior to all mechanics' and materialmen's liens filed on record subsequent to the recording of the mortgage, regardless of whether such liens attached prior to the recording date; (3) the mortgage is prior to all liens and encumbrances which may have attached or defects which may have arisen subsequent to the recording of the mortgage, except such liens or other matters as may be approved by FHA; (4) the amount stated in the instrument of assignment is actually due under the mortgage and there are no offsets or counterclaims against such amount; and (5) the mortgagee has a good right to assign the mortgage. In assigning its security interest in chattels, including materials, located on the premises covered by the mortgage, or its security interest in building components stored either on-site or off-site at the time of the assignment, the mortgagee is required to warrant that (a) no act or omission of the mortgagee has impaired the validity or priority of the lien created by the chattel security instruments; (b) the mortgagee has a good right to assign the security instruments; and (c) the chattel security instruments are a first lien on the items covered by the instruments except for any liens or encumbrances approved by FHA.

Title Insurance Policy (Mechanics' and Other Liens). The mortgagee will be required to furnish FHA with a title policy which names FHA as the insured party and which assures FHA that the mortgage loan to be assigned constitutes a first lien on the mortgaged premises, subject only to those exceptions previously approved by FHA. The mortgagee will be required to remove any intervening liens and to obtain an updated title endorsement within the 45-day period during which documents are required to be submitted. FHA may deduct the amount of any liens which have priority over the mortgage lien from the mortgagee's FHA insurance claim.

Tax liens against the property which have priority over the lien of the mortgage, or which are due within 60 days of the assignment to FHA must be paid by the mortgagee. Although the mortgagee will be reimbursed for funds it advances to pay real estate taxes on the mortgaged property, failure to pay taxes when due may result in a penalty which will not be reimbursed by FHA as part of the insurance claim.

Losses on Advances other than Mortgage Proceeds. Although the mortgagee will be reimbursed for advances properly made for taxes, insurance premiums and preservation of the property, such reimbursement may not fully compensate the mortgagee for the making of the advances since the mortgagee will be paid only debenture interest on those advances from the date of default.

Reimbursement for Maintaining the Mortgaged Property. FHA will reimburse the mortgagee for funds advanced to maintain or preserve the mortgaged property if the approval of FHA is received prior to the time the funds are advanced.

FHA Risk-Sharing Program

The Risk Sharing Act authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies (“HFAs”) to enable those HFAs to underwrite and process loans for which HUD, acting through FHA, will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the “Regulations”) pursuant to the Risk-Sharing Act. The FHA Risk-Sharing Program established by the Risk Sharing Act allows HFAs to carry out certain HUD functions, including the assumption of underwriting, loan management and property disposition functions and responsibility for defaulted loans, including reimbursement of HUD for a portion of the loss from any defaults that occur while the HUD contract of mortgage insurance is in effect. The FHA Risk-Sharing Program is designed to increase the supply of affordable multifamily units by allowing HFAs to originate and service mortgage loans that are fully insured by FHA.

This mortgage insurance program requires that an interested HFA first be approved as a qualified HFA. Upon notification of approval as a qualified HFA, the HFA must execute a risk-sharing agreement with the Commissioner of FHA. The risk-sharing agreement must state the agreed upon risk apportionment between HUD and the HFA, the number of units allocated to the HFA, a description of the HFA’s standards and procedures for underwriting and servicing loans and a list of HFA certifications designed to assure its proper performance.

Projects eligible to be insured under the FHA Risk-Sharing Program include new construction projects, substantial rehabilitation projects, acquisition of existing projects, projects receiving Section 8 or other rental subsidies, single room occupancy projects, board and care/assisted living facilities and elderly projects. Transient housing or hotels, projects in military impact areas, retirement service centers, and nursing homes or intermediate care facilities are specifically excluded from eligibility for insurance under the program. Risk-sharing projects must constitute “affordable housing,” which means that either 20% or more of the units are rent-restricted (as defined below) and occupied by families whose income is 50% or less of the area median income as determined by HUD, with adjustments to income based on household size, or that 40% or more of the units are rent-restricted and occupied by families whose income is 60% or less of the area median income as determined by HUD, with adjustments to income based on household size. A residential unit is rent-restricted if the gross rent with respect to such unit does not exceed 30% of the income limitation applicable to the unit as published from time to time by HUD.

The Administration has entered into a risk-sharing agreement with HUD dated as of November 30, 1994 (the “Risk-Sharing Agreement”) which sets out the terms for the Administration’s participation in the FHA Risk-Sharing Program. The Administration has received designation as a Level I participant under the regulations which means it may elect to reimburse HUD for between 50% and 90% (in increments of 10%) of any losses incurred as a result of a default under a loan. Designation as a Level I participant permits the Administration to use its own underwriting standards and loan terms and conditions (as disclosed and submitted with its application) to underwrite and approve loans without further review by HUD. The Administration also has received designation as a Level II participant which means it may insure either 10% or 25% of any losses on the mortgage loan (based on certain loan-to-value criteria). In the event of a loan default, the Risk-Sharing Agreement requires the Administration to share with HUD in any loss arising as a consequence of the loan default.

The Administration authorizes the use of the FHA Risk-Sharing Program in connection with new Loans financed by Bonds on a case-by-case basis. In such cases, pursuant to a commitment letter issued by MHF to the Administration in connection with each Loan, MHF is expected to reimburse the Administration for the Administration’s share of any loss.

The FHA Risk-Sharing Program may require that a participating agency establish a dedicated account for the purpose of meeting the agency's obligations under the program and the Risk-Sharing Agreement. The Administration was previously required to establish this type of reserve. In September 2012, HUD removed this requirement in light of the Administration's credit rating and the Administration no longer restricts amounts in the General Bond Reserve Fund for such purpose.

FHA Insurance under the FHA Risk-Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (1) the corresponding mortgage is paid in full; (2) the Administration acquires mortgaged property and notifies the Commissioner that it will not file an insurance claim; (3) a party other than the Administration acquires property at a foreclosure sale; (4) the Administration notifies the Commissioner of a voluntary termination; (5) the Administration or its successors commit fraud or make a material misrepresentation to the Commissioner with respect to certain information; (6) the receipt by the Commissioner of an application for final claims settlement by the Administration; or (7) the Administration acquires the mortgaged property and fails to make an initial claim.

During its participation in the program, the HFA must take responsibility for certain functions, including those relating to the Affirmative Fair Housing Marketing Plan, labor standards, insurance of advances, cost certification, and lead-based paint requirements. A mortgagor must certify to the HFA that it is in compliance with certain enumerated discrimination and civil rights statutes and executive orders. HUD has specifically retained certain functions, including monitoring compliance with the Davis-Bacon Act, environmental laws, enforcement of certain fair housing and equal opportunity laws and other program criteria. Certain HUD requirements may only be applicable when construction advances are insured.

Upon completion of construction, presentation of a closing docket, including an executed regulatory agreement between the HFA and the mortgagor, and certifications required by the Regulations, FHA issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Administration. Although the Administration has been given authority to approve cost certifications by a mortgagor, HUD has the authority, in its sole discretion, at any time prior to and including final endorsement, to adjust the amount of mortgage insurance.

The Regulations define an event of default under an FHA-insured mortgage as (1) a failure to make any payment due under the mortgage or (2) a failure to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage) if the mortgagee, because of such failure, has accelerated the debt. A mortgagee is entitled to receive the benefits of insurance after the mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30-day grace period, the mortgagee is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Administration has filed an application for an initial claim payment. Unless a written extension is granted by HUD, the Administration must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Administration, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Administration certifies that the project owner is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days but not exceeding 360 days from the date of default.

The initial claim amount is based on the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim

payment. The mortgage note interest component of the initial claim amount is subject to curtailment as described below. HUD must make all claim payments in cash. The initial claim payment to the Administration is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges, and interest assessment under the Regulations. **The Administration must use the proceeds of the initial claim payment to retire any bonds or any other financing mechanisms for the mortgages within 30 days of the initial claim payment.** Any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement. Within 30 days of the initial claim payment, the Administration must also issue to HUD a debenture, payable in five years unless extended, in an amount equal to the amount of the initial claim payment, representing the Administration's obligation to HUD under its Risk-Sharing Agreement.

In determining the mortgage note interest component of the initial claim amount, if the Administration fails to meet any of the requirements of the Regulations within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late. Losses sustained as a consequence of the sole negligence of the Administration will be the sole obligation of the Administration, notwithstanding the risk apportionment otherwise agreed to by HUD and the Administration.

When FHA pays a claim, the Risk-Sharing Agreement provides that the Administration will issue a debenture (each, a "Debenture") to HUD for the full amount of the claim, which shall be supported by the full faith and credit of the Administration. Each Debenture will have a term of five years, will bear interest at HUD's published debenture rate, and interest will be payable annually. The Risk Sharing Act contemplates that during the five year term of each Debenture, the Administration would work toward curing the default, foreclosure, or resale of the related development. Upon the due date of each Debenture, the total loss to be shared by the Administration and HUD shall be computed pursuant to the Risk-Sharing Agreement. As noted, MHF is expected to reimburse the Administration for its share of any loss.

The Regulations provide that not later than 30 days after either (1) foreclosure sale or sale after acceptance of a deed in lieu of foreclosure or (2) expiration of the term of the Debenture, loss on the mortgaged property is determined and allocated between HUD and the HFA in accordance with their respective percentages of risk specified in the mortgage note and risk-sharing agreement.

Information on project management and servicing will be required after endorsement. Additionally, the HFA must submit semiannual reports, annual financial statements and must maintain its eligibility by continued compliance with the risk-sharing agreement, the regulatory agreement, and all the requirements for initial program eligibility.

THE GNMA GUARANTY PROGRAM

GNMA is a wholly-owned corporate instrumentality of the United States within HUD, with its principal office in Washington, D.C.

A GNMA Guaranteed Security is a "fully modified pass through" mortgage-backed security that requires monthly payments by an FHA-approved lender, as the issuer of the GNMA Guaranteed Security (the "Lender"), to the registered holder of the Guaranteed Security of principal of and interest on such GNMA Guaranteed Security when due, whether or not the Lender receives payments on the mortgage note underlying such GNMA Guaranteed Security, plus any prepayments of principal of the mortgage note received by the Lender. GNMA guarantees timely payment of principal of and interest on GNMA Guaranteed Securities. When the Administration makes a Loan that has Credit Enhancement under the GNMA Guaranty Program, it uses the proceeds of Bonds to purchase GNMA Guaranteed Securities from a Lender. The GNMA Guaranteed Securities secure the Bonds and the Lender makes a FHA Loan to a

Borrower for the eligible costs of the Development. Loans that are credit enhanced by GNMA Guaranteed Securities are described in APPENDIX D - “DESCRIPTION OF LOANS AND DEVELOPMENTS.”

GNMA Guaranty

GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of and interest on GNMA Guaranteed Securities that are based on and backed by a mortgage insured by FHA. Section 306(g) provides further that “the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” In order to meet its obligations under such guaranty, GNMA is empowered under Section 306(d) of Title III of the National Housing Act to borrow from the United States Treasury, through the issuance of its general obligations, in an amount sufficient to enable GNMA to perform its obligations under its guaranty of the timely payment of the principal of and interest on GNMA Guaranteed Securities that are guaranteed by GNMA. The United States Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the United States Treasury to the Secretary of HUD, that the United States Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty. GNMA warrants to the registered owner of GNMA Guaranteed Securities, that, in the event it is called upon to make payment pursuant to such guaranty of the payment of principal of and interest on the GNMA Guaranteed Securities, it will, if necessary, apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make such payments.

GNMA Guaranteed Securities issued in connection with mortgage loans on multifamily projects are issued in two forms—construction loan certificates for projects under construction and project loan certificates for completed projects. Prior to the issuance of a GNMA Guaranteed Security, the Lender must become an approved issuer of GNMA Guaranteed Securities and obtain GNMA’s commitment to guarantee such Security, and in the case of a project under construction, the Lender must obtain GNMA’s commitment to guarantee payments of the construction loan certificates, and upon completion of the project, the project loan certificate.

Project loan certificates can be issued only after the project has been completed and the mortgage loan on the project finally endorsed for mortgage insurance by HUD.

Construction loan certificates are issued periodically — usually monthly — as construction of the project progresses, in the amount of the principal amount of the mortgage loan that at the time of such issuance has been disbursed and endorsed for insurance by FHA. Immediately following final endorsement for mortgage insurance by HUD, the construction loan certificates are exchanged for the project loan certificate.

As a condition to the issuance of each construction loan certificate, the Lender will be obligated to deliver certain documents to GNMA not later than 3 business days prior to the anticipated delivery date of such GNMA Guaranteed Security, including evidence of the advance of the mortgage loan and its endorsement for insurance by FHA. During such 3 business day period between the date of an advance under the mortgage loan and the issuance of a GNMA guaranty of the related construction loan certificate, it is possible that the Borrower could default under the mortgage loan or the Lender could default under a GNMA guaranty agreement (the “GNMA Guaranty Agreement”). In connection with other mortgage loans, GNMA has stated, among other things, that, in the event of either or both types of default, it nevertheless will (except in the event of fraud or misrepresentation by the Lender) be obligated to approve the issuance of the construction loan certificate corresponding to the advance under the mortgage loan made prior to the default.

Servicing of Mortgage

Under contractual arrangements between a Lender and GNMA, the Lender is responsible for servicing and otherwise administering the mortgage securing a GNMA Guaranteed Security in accordance with generally accepted practices of the mortgage banking industry and the GNMA Servicer's Guide.

The monthly remuneration of the Lender, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of the GNMA Guaranteed Security outstanding. GNMA regulations and policies have fixed the total of these servicing and guaranty fees at a minimum of 0.25% per annum and a maximum of 0.50% per annum calculated on the principal balance of the GNMA Guaranteed Security outstanding on the last day of the month preceding such calculation. A GNMA Guaranteed Security carries an interest rate that is fixed below the interest rate on the underlying mortgage note by the amount of such servicing and guarantee fees.

Payments of principal of and interest on the mortgage notes are expected to be received by the Lender from the mortgagor in amounts and at times sufficient to be the source of the payments of principal of and interest on the GNMA Guaranteed Securities. If such payments are less than the amount due, the Lender is obligated to advance its own funds to make the timely payment of all amounts due on the GNMA Security. GNMA guarantees such timely payment in the event of failure by the Lender to make scheduled payments when due. The GNMA Guaranteed Security does not represent a liability or an obligation of the Lender and recovery may be sought only from GNMA.

The Lender is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA as guarantor will be able to continue such payments as scheduled on the 15th day of each month. However, the GNMA Guaranteed Securities will not constitute a liability nor evidence recourse against the Lender if such payments are not received as scheduled. If such payments are not received as scheduled, the Administration has recourse directly to GNMA.

In the event of a default by the Lender, including (1) a request to GNMA to make a payment of principal of or interest on a GNMA Guaranteed Security when the mortgagor is not in default under the mortgage note, (2) insolvency of the Lender or (3) default by the Lender under any other guaranty agreement with GNMA, the GNMA Guaranty Agreement provides that GNMA shall have the right, by letter to the Lender, to effect the complete extinguishment of the Lender's interest in the mortgage, and the mortgage will become the absolute property of GNMA, subject only to the unsatisfied rights of the owner of the GNMA security. In such event, the GNMA Guaranty Agreement provides that on and after the time GNMA directs such a letter of extinguishment to the Lender, GNMA will be the successor in all respects to the Lender in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and shall be subject to all responsibilities, duties, and liabilities (except the Lender's indemnification of GNMA), placed on the Lender by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time, GNMA may enter into an agreement with any other eligible issuer of GNMA Guaranteed Securities under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities theretofore placed on the Lender, and provided that, no such agreement shall detract from or diminish the responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Guaranteed Security, or otherwise adversely affect the rights of the holders thereof.

Payment of Principal and Interest on the GNMA Guaranteed Securities

Payment of interest on GNMA Guaranteed Securities is required to be made in monthly installments on or before the 15th day of each month commencing the month next following the date of issue of the GNMA Guaranteed Securities. Payment of the principal of GNMA Guaranteed Securities is expected to commence 15 days after the commencement of amortization of principal of the mortgage note.

Following the issuance of the GNMA Guaranteed Securities and commencement of the payment of principal thereon, GNMA Guaranteed Securities are payable in equal monthly installments, subject to prepayment. Each installment on GNMA Guaranteed Securities is applied first to interest and then to the reduction of the principal balance then outstanding. Interest is paid at the specified rate on the unpaid portion of the principal of the GNMA Guaranteed Securities. The amount of principal due on GNMA Guaranteed Securities is in an amount equal to the scheduled principal amortization currently due on the underlying mortgage notes. Payments of principal and interest are subject to adjustment due to prepayments or other early unscheduled recoveries of principal on the underlying mortgage note.

The Lender agrees to pay to the owner of a GNMA Guaranteed Security monthly installments of not less than the interest due on the GNMA Guaranteed Security at the rate specified in the GNMA Guaranteed Security, together with any scheduled installments of principal, whether or not collected from the mortgagor and any prepayments or early recoveries of principal. Final payment is made upon surrender of the GNMA Guaranteed Securities. The GNMA Guaranteed Security does not represent a liability or an obligation of the Lender and recovery may be sought only from GNMA.

THE FANNIE MAE STAND-BY GUARANTY PROGRAM

Under Fannie Mae's Stand-by Guaranty Program, Fannie Mae agrees to provide Credit Enhancement for Fannie Mae Enhanced Loans pursuant to, and subject to the limitations of, the related Fannie Mae Credit Enhancement Instrument. The Fannie Mae Credit Enhancement Instrument secures certain payments under the Mortgage Note. The Borrower's obligation to reimburse Fannie Mae for any funds provided by Fannie Mae under a Fannie Mae Credit Enhancement Instrument will be set forth in a Reimbursement Agreement, between the applicable Borrower and Fannie Mae. Certain Fannie Mae Enhanced Loans do not have a separate Construction Phase, and references herein to such Construction Phase, as well as references to Conversion and related concepts, do not apply to such Loans.

Fannie Mae's participation in the financing of a Development will not extend beyond the Construction Phase unless the Conditions to Conversion set forth in the related Construction Phase Financing Agreement among Fannie Mae, the Fannie Mae Construction Lender and the Fannie Mae Loan Servicer, and acknowledged and agreed to by the Borrower, are satisfied on or before the Termination Date (or, to the extent not satisfied, are waived by Fannie Mae). If the Conditions to Conversion set forth in the Construction Phase Financing Agreement are satisfied on or before the Termination Date (or, to the extent not satisfied, are waived by Fannie Mae), the Fannie Mae Loan Servicer, on or before the Termination Date, shall issue a Final Notice of Conversion, in which event the related Fannie Mae Enhanced Loan will convert from the Construction Phase to the Permanent Phase and Fannie Mae's participation in the financing will continue. If, however, the Conditions to Conversion are not satisfied on or before the Termination Date (or, to the extent not satisfied, are not waived by Fannie Mae) with the result that the Fannie Mae Loan Servicer fails to issue a Final Notice of Conversion on or before the Termination Date, such Fannie Mae Enhanced Loan will not convert from the Construction Phase to the Permanent Phase, and the related Bonds will be subject to special mandatory redemption in whole at a redemption price equal to the principal amount of such Bonds plus accrued interest to the Redemption Date. In the event of such a special mandatory redemption in whole, the redemption price is to be paid with funds provided under the Fannie Mae Credit Enhancement Instrument. Alternatively, in lieu of such redemption, such Bonds may be

purchased by the Trustee for the account of the related Fannie Mae Construction Lender. The Termination Date is the date specified by Fannie Mae in the Construction Phase Financing Agreement, and generally corresponds to the expected time needed for construction or rehabilitation and rent-up of the units; the Fannie Mae Loan Servicer may request one six-month extension of the Termination Date. The grant of any further extension is in the sole discretion of Fannie Mae.

The Conditions to Conversion include, for example, completion of construction of the Development and the achievement of a specified level of occupancy from the leasing of units in the Development. No assurance can be given that all of the Conditions to Conversion will be satisfied or that other events or circumstances may or may not occur as a result of which Conversion will not occur. In addition, even if Conversion occurs, no assurance can be given that the principal amount of the related Fannie Mae Enhanced Loan, as finally determined in accordance with the Construction Phase Financing Agreement, will not be less than the original principal amount of such Fannie Mae Enhanced Loan; if the principal amount of such Fannie Mae Enhanced Loan, as finally determined in accordance with the Construction Phase Financing Agreement, is less than the original principal amount of such Fannie Mae Enhanced Loan, the principal amount of such Fannie Mae Enhanced Loan must, as a Condition to Conversion, be reduced by the applicable Borrower's prepayment of such Fannie Mae Enhanced Loan in part; upon such prepayment, a corresponding portion of the related Bonds will be subject to special mandatory redemption at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the Redemption Date. If such prepayment in part is required as a Condition to Conversion and is not made, Conversion will not occur and such Bonds will be subject to special mandatory redemption in whole.

Prior to Conversion, Fannie Mae will, pursuant to the Construction Phase Financing Agreements, be protected against risk of loss by the Fannie Mae Construction Lender through a Construction Phase Credit Facility acceptable to Fannie Mae. Certain events concerning the Fannie Mae Construction Lender, the Construction Phase Financing Agreements and the Construction Phase Credit Facilities may result in the prepayment of a Fannie Mae Enhanced Loan and a corresponding special mandatory redemption of the related Bonds.

Under Fannie Mae's Credit Enhancement Instrument, Fannie Mae agrees to pay any scheduled principal and interest due on the related Fannie Mae Enhanced Loan if payment is not made by the Borrower on or before the date set forth in the Credit Enhancement Instrument. The obligations of Fannie Mae are solely those of Fannie Mae, a federally chartered, stockholder-owned corporation, and are not backed by the full faith and credit of the United States.

The Trustee will accumulate and invest the monthly payments on each Fannie Mae Enhanced Loan for application semiannually to payments of interest or principal and interest, as due, on the related Bonds and for the payment of certain fees.

APPENDIX G

FEDERAL HOUSING SUBSIDY PROGRAMS

Section 8 Program

General. The following is a brief description of project-based assistance under the Section 8 program, which program provides subsidies to certain of the Developments. Section 8 refers to Section 8 of the United States Housing Act of 1937 (the “Housing Act”), which is codified at 42 U.S.C. § 1437f.

There are two types of project-based Section 8 rental assistance: Project-Based Rental Assistance (“PBRA”) and Project-Based Vouchers (“PBV”). Another program offering Section 8 rental assistance, the Rental Assistance Demonstration program (“RAD”), is discussed separately below and has its own set of rules (the “RAD Rules”).

This description is qualified in its entirety by reference to the applicable provisions of the Housing Act, the regulations promulgated thereunder (the “Regulations”),* written guidance issued by HUD from time to time (the “Guidance”), and the RAD Rules. In case of any conflict between this description and the Housing Act, the Regulations, the Guidance, or the RAD Rules, then the Housing Act, the Regulations, the Guidance, or the RAD Rules shall control.

Subsidy Contracts. For both PBRA and PBV, a subsidy is provided to a project owner under a subsidy contract, which is called a Housing Assistance Payments (“HAP”) contract. Payments received under the HAP contract constitute a primary source of revenue for many of the Developments.

For PBRA, which falls under the jurisdiction of HUD’s Office of Housing, the HAP contract is between a project owner and HUD or between a project owner and a contract administrator acting on behalf of HUD, which contract administrator may be a state housing finance agency. The Department serves as the contract administrator for many of the Developments’ PBRA contracts. In the case of a contract administrator acting on behalf of HUD, funds flow from HUD to the contract administrator under an Annual Contributions Contract (“ACC”). HAP contracts for PBRA are generally limited to terms of 20 years. Upon expiration of the original HAP contract, or upon transfer of a project to a new owner and the new owner’s assumption of the HAP contract, that contract may be renewed for additional terms. HUD is generally required to renew HAP contracts at the request of the project owner.

For PBV, which falls under the jurisdiction of HUD’s Office of Public and Indian Housing, the HAP contract is between a Public Housing Authority (“PHA”) and the project owner. Funds flow from HUD to the PHA under an ACC. In the case of new construction, a HAP contract is issued only upon completion of construction and the PHA will enter into an Agreement to Enter into a HAP Contract with the owner. HAP contracts for PBV are limited to an initial term of 20 years and may be extended for additional terms of up to 20 years. Contract renewal is discretionary by the PHA.

HUD’s ability to fund contract renewals is subject to annual appropriations. HUD’s ability to fund such renewals has been partially disrupted in the past for temporary periods, when HUD determined appropriations to be inadequate to fulfill all needs.

* The regulations for PBRA are contained in 24 CFR Parts 880 (New Construction), 881 (Substantial Rehabilitation), 882 (Moderate Rehabilitation), 883 (State Housing Agencies), and 886 (Loan Management Set-Aside and Disposition). The discussion herein is limited to the New Construction, Substantial Rehabilitation, and Loan Management Set-Aside programs. The regulations for PBV are contained in 24 CFR Part 983 and, in some instances, 24 CFR Part 982 (e.g., certain occupancy requirements).

Except in limited situations, project owners are not required to renew HAP Contracts upon expiration. Upon an owner's election not to renew a HAP contract, the project owner is required to provide certain notices and protections to the affected tenants.

Occupancy Requirements. Occupancy of units under a HAP contract is limited to tenants who meet the income limits set forth in the Act and the Regulations ("Eligible Tenants"). Tenant selection is the responsibility of the project owner. For PBRA, Eligible Tenants are generally those with incomes at or below 80% of area median income adjusted for family size ("AMI") ("Low Income"), although some units must be targeted to tenants with incomes at or below 30% of AMI ("Extremely Low Income"), and there are also requirements for housing tenants with incomes at or below 50% of AMI ("Very Low Income"). For PBV, eligibility is limited to Very Low Income tenants, but there are some exceptions for certain Low Income tenants, and some units must be targeted to Extremely Low Income tenants.

Payment of Subsidy. For both PBRA and PBV, a monthly HAP payment is made to the project owner with respect to units under the HAP contract occupied by an Eligible Tenant (the "Assisted Units"). The HAP contract specifies a "Contract Rent" for each Assisted Unit, which rent is subject to limits established by HUD. The Section 8 subsidy pays the owner the difference between the tenant's portion of the rent (which is generally 30% of the tenant's adjusted monthly income) and the Contract Rent for the Assisted Unit. The proportion of the Contract Rent actually paid by HUD and the tenant may vary depending on the tenant's income. The HAP contract, the Act, the Regulations, and the Guidance also provide for certain adjustments to Contract Rents. No assurance can be given, however, that any increases in Contract Rents will be sufficient to compensate for increased operating expenses for the Development. PBRA Contract Rents generally may not be reduced unless the project has been refinanced in a manner that reduces the owner's periodic debt service payments. PBV Contract Rents will be reduced if there is a five percent or greater decrease in the Fair Market Rents as established by HUD and published in the Federal Register and in other limited circumstances.

Section 8 payments do not automatically terminate if a loan is in default. In addition, in the event of foreclosure or an assignment or sale in lieu of foreclosure, Section 8 payments may continue in accordance with the terms of the HAP contract.

Termination of HAP Contract. The HAP contract, the Act, and the Regulations set forth the remedies of HUD, the contract administrator, or the PHA (as may be applicable) in the case of an owner's violation of the HAP contract, which remedies include abatement of the HAP contract payments and termination of the HAP contract.

The termination of a HAP contract prior to the maturity date of a project's loan could have a material adverse impact on the ability of a project to generate revenues sufficient to make loan payments and may result in a default on the loan.

Pledge of Subsidy. A project owner is permitted to pledge its receipt of Section 8 payments as security for the loan(s) financing the project. The Department usually requires a Development owner to enter into an agreement to pledge its receipt of Section 8 payments as security for the Development's loan(s) from the Department.

Rental Assistance Demonstration. In 2012, Congress authorized the RAD program. Under the first component of RAD, PHAs are permitted to convert public housing into housing with long-term PBV or PBRA HAP contracts, which allows PHAs to leverage private capital in order to finance rehabilitation. Under the second component of RAD, private owners of three HUD "legacy" programs (Rent Supplement, Rental Assistance Payment, and Section 8 Moderate Rehabilitation (including certain Mod Rehab SRO

projects)) are able to replace those HUD subsidies with long-term PBV or PBRA HAP contracts in order to facilitate the financing of rehabilitation.

Section 236 Program

General. Under Section 236 of the National Housing Act, the Secretary of HUD (the “HUD Secretary”) entered into contracts with owner-mortgagors to make interest reduction payments to the mortgagee, on behalf of the project owner, in an amount generally equal to the difference between the monthly payment for principal, interest and mortgage insurance premium and the monthly payment for principal and interest such project owner would be obligated to pay if the mortgage were to bear interest at the rate of 1 percent per annum. Such Section 236 Contracts are project-based and coterminous with the related mortgages. The Section 236 Program is not available for new Developments, but HUD continues to fund Developments with existing contracts.

As a condition to receiving the interest reduction payments, the project owner must operate the project in accordance with tenant eligibility and rent requirements established by law and further prescribed by the HUD Secretary, maintain the project in satisfactory condition and meet various other HUD requirements. The HUD Secretary is to review tenant income requirements at least annually.

Interest Rate Subsidy. For each dwelling unit there is established, with the approval of the HUD Secretary, (i) a basic rental charge determined on the basis of operating the project with payments of principal and interest due under a mortgage bearing interest at the rate of 1 percent per annum and (ii) a fair market rental charge determined on the basis of operating the project with payments of principal, interest and a mortgage insurance premium which the mortgagor is obligated to pay under the mortgage covering the project. The rental paid by the tenant of each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the lesser of (i) the fair market rental charge, or (ii) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which the housing is located, up to 30 percent of the tenant’s adjusted income.

With respect to those projects which the HUD Secretary determines have separate utility metering for some or all dwelling units, the HUD Secretary is authorized: (i) to permit the basic rental charge and the fair market rental charge to be determined on the basis of operating the project without the payment of the cost of utility services used by such dwelling units; and (ii) to permit the charging of a rental for such dwelling units at such an amount, less than 30 percent of a tenant’s adjusted income, as the HUD Secretary determines represents a proportionate decrease for the utility charges to be paid by such tenant, but in no case shall such rental be lower than 25 percent of a tenant’s adjusted income.

The project owner shall, as required by the HUD Secretary, accumulate, safeguard, and periodically pay to the HUD Secretary, on a unit-by-unit basis as distinct from a net project basis, all rental charges collected in excess of the basic rental charges (“Section 236 Excess Rents”). With HUD’s consent, and subject to certain restrictions, such Section 236 Excess Rents may be retained by the project owner for project use. Otherwise, Section 236 Excess Rents must be remitted to HUD.

In order to induce advances by owners for capital improvements (excluding any owner contributions that may be required by the HUD Secretary), in establishing basic rental charges and fair market rental charges, the HUD Secretary may include an amount that would permit a return of such advances with interest to the owner out of project income, on such terms and conditions as the HUD Secretary may determine. Any resulting increase in rent contributions shall be:

- (i) to a level not exceeding the lower of 30 percent of the adjusted family income of the tenant or the published existing fair market rent for comparable housing established under the Section 8 program;
- (ii) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more; and
- (iii) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent.

Assistance under the Section 8 program shall be provided, to the extent available under appropriations acts, if necessary, to mitigate any adverse effects of these provisions on income-eligible tenants.

Interest reduction payments are made upon receipt by the HUD Secretary of a billing containing representations of facts by the Administration. If the HUD Secretary finds that interest reduction payments have been excessive because of inaccurate facts contained in the billing or other cause, the Administration is obligated to immediately refund the amount that was overpaid. Adjustments in the interest reduction payments are also made in the event a subsidized dwelling unit is destroyed or rendered not habitable for any reason unless the unit is restored or rehabilitated within a reasonable time or unless an unsubsidized unit is designated in its place.

Covenants of Owner. In the Section 236 Contract the project owner covenants and agrees with respect to each subsidized dwelling unit of the project, among other things, that:

- (i) Any revision in the basic rental or fair market rental for any subsidized dwelling unit shall be made or approved by the Administration as well as subject to approval by the HUD Secretary, and the HUD Secretary agrees that it will not unreasonably withhold approval of rent revisions made or approved by the Administration;
- (ii) Preference for occupancy in subsidized dwelling units shall be given to displaced families and to families whose incomes are within the lowest practicable limits for obtaining rental units in the project; and
- (iii) The mortgagor shall not sell, convey, or transfer the project except to a purchaser who is approved by the HUD Secretary and is entitled to participation under Section 236 and who assumes the project owner's duties and obligations under the Section 236 Contract.

Covenants of Administration. The Administration covenants and agrees that it will not assign the project mortgage or agree to the forbearance or deferment of any payment due under the project mortgage without the prior written approval of the HUD Secretary; except that, in connection with the issuance of its notes and bonds for the purpose of providing financing under the project mortgages, the Administration may assign or pledge the project mortgage and its rights thereunder as security for its note or bond holders or to a trustee without the written approval of the HUD Secretary. The HUD Secretary shall terminate payments under the Section 236 Contract if the property is acquired by any owner not eligible under Section 236 of the National Housing Act. Section 236 was amended in 1989 to include public entities as eligible owners, as well as non-profit owners.

Termination of HUD Payments. The HUD Secretary may also terminate interest reduction payments under the Section 236 Contract:

(i) Upon default by the project owner or the Administration under any provision of the agreement; or

(ii) If any action of foreclosure is instituted by the Administration, unless the Administration (i) gives to the HUD Secretary in advance written notice of its intention to institute such foreclosure and (ii) submits to the HUD Secretary in advance a plan acceptable to the HUD Secretary providing for continuity of eligibility of the project for receiving the benefits of Section 236.

A payment default under the related mortgage, in and of itself, is not a default under the Section 236 Contract.

If a project is sold upon foreclosure to a new owner (which could include another public entity on behalf of the Administration), upon satisfaction of the requirements specified in (ii) above, the Section 236 interest reduction payments would continue with respect to any mortgage loan assumed or incurred by the new project owner on the same annual and total basis and formula as specified in the related Section 236 Contract.

In the event the HUD Secretary terminates Section 236 interest reduction payments under the Section 236 Contract, the HUD Secretary shall give prior written notice thereof to the Administration stating the reasons therefor. If payments are terminated or to be terminated, such payments may be reinstated or continued by the HUD Secretary at its discretion and on such conditions as the HUD Secretary may prescribe.

Section 236, the rules, regulations and directives promulgated pursuant thereto and the Section 236 Contracts, do not contain any express requirement that any savings which result from a reduction in the Administration's cost of borrowing due to a refunding of its obligations issued to finance a mortgage loan must be used to lower the interest rate on the mortgage loan and thereby to reduce HUD Payments. Consequently, the Administration does not intend to reduce the interest rate on any of the Transferred Loans receiving Section 236 interest reduction payments as a result of the issuance of the Series 1996 A Bonds to refund the bonds originally issued by the Administration to finance such Loans. Based on the foregoing, the Administration does not believe that HUD or any other party is entitled to all or a portion of the Administration's debt service savings that result from the issuance of the Series 1996 A Bonds. However, no assurance can be provided that HUD will not assert a right to reduce the amount of payments payable under the Section 236 Contracts based upon the issuance of the Series 1996 A Bonds. If such a right is asserted, HUD could take certain actions including attempting to reduce payments under the Section 236 Contract.

Prepayment of Loan. Each Borrower will covenant in the applicable Section 236 Loan documents not to prepay such Loan prior to 20 years from the date the Project was occupied. Each such Loan permits the Borrower to prepay such Loan at any time after such date subject only to certain temporary affordability restrictions and transitional protections for affected tenants. The Year 2000 Amendments permit mortgagors of Section 236 Loans to refinance their mortgages (if the mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy.

Any prepayment of Loans could result in the redemption of Bonds at any time, at a redemption price equal to 100% of the principal amount of Bonds redeemed, plus accrued interest to the redemption date as described under "THE OFFERED BONDS - Redemption Provisions."

Transfer of Loan. Each Section 236 Contract provides that the corresponding Section 236 Loan may only be assigned, including any assignment or reassignment between the Administration and the Trustee, with HUD's prior written approval.

Decoupling Program. Congress passed legislation in 1999 that permits owners of Section 236 developments to refinance their mortgages (if such mortgages are otherwise eligible for prepayment) while retaining the Section 236 subsidy. HUD program guidelines implementing this legislation describe this as "decoupling" the subsidy from the original mortgage loan. Among other things, in order to benefit from the decoupling program, the development owner must agree to enforce the income restrictions applicable to tenants in the development for a period ending five years beyond the term of the assistance under the Section 236 Contract. Under the program, HUD enters into a new Section 236 Contract with the development owner and the mortgagee pursuant to which the subsidy is continued and the new financing is approved. HUD exercises considerable discretion in implementing the program. Section 236 Contracts executed pursuant to the decoupling program may have terms different from those described herein for the program generally.

USDA Rental Assistance

Section 521 of Title V of the Housing Act of 1949 authorizes the United States Department of Agriculture ("USDA") to make rental assistance payments to owners of certain USDA-financed rental housing in rural areas ("USDA Assistance"). The USDA Assistance is designed to enable eligible tenants to pay the greater of (1) 30% of the monthly adjusted family income, (2) 10% of monthly income, or (3) for recipients of public assistance, the portion of the assistance payment that is designated for housing costs. The Borrower receives rental assistance payments directly from USDA to make up the difference between the tenants' payments and the USDA-approved rent for the units. Borrowers are required to operate the property on a limited-profit or non-profit basis. The Borrower and the USDA, through its Rural Housing Service, enter into a rental assistance agreement which specifies the number of units covered by the agreement and the aggregate amount of assistance funds available to the project. A rental assistance agreement expires when the funds obligated for the designated units are fully disbursed in accordance with the conditions of the rental assistance agreement. To the extent funds are available for replacement units, the agreement may be renewed.

Section 811 Rental Assistance Program

In the summer of 2014, HUD and the Department entered into a Cooperative Agreement to commence a rental assistance program for persons with disabilities under Section 811 of the Cranston-Gonzalez National Affordable Housing Act, as amended by the Frank Melville Supportive Housing Investment Act of 2010 ("Section 811"). The Department administers the Section 811 program in partnership with the Maryland Department of Health ("MDH") and the Maryland Department of Disabilities ("MDOD"). The Department awards Section 811 funds to eligible projects in conjunction with the Department's administration of its existing financing programs, including Low-Income Housing Tax Credits, State Rental Housing funds, and tax-exempt bond financing.

All Section 811 funding is used to provide project-based rental assistance for eligible persons with disabilities referred by MDH and MDOD. All participants must be Medicaid recipients and eligible for case management services through Medicaid. Additionally, a participant must be a Maryland resident who is disabled and at least 18 years of age, but under 62 years of age at the time of program entry. The household income must be at or below 30% of AMI for the area where the property is located. Supportive services for participants are provided by MDH and MDOD.

APPENDIX H

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. §1.01.

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

- (1) for the making, purchasing or otherwise financing of Qualified Loans;
- (2) for the refinancing of Qualified Loans (including, without limitation, Qualified Loans in default);
- (3) 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;
- (4) for the payment of any “Development Cost” as such term is defined in the Act and any other cost, including, without limitation, costs of issuance, discount, insurance or credit enhancement premiums or fees, fees and expenses of counsel, financial advisors and other professional advisors and consultants, all as permitted by the Act;
- (5) for the funding of reserves; or
- (6) achieving any other of the Administration’s purposes, as described in the Act, as now or hereafter in effect.

Contract with Trustee and Bondholders. §1.02.

As provided in the Act and in consideration of the acceptance by the Trustee of the trusts created pursuant to the Bond Resolution and of the purchase and acceptance of Bonds of any Series issued under the Bond Resolution by any who shall from time to time be holders thereof:

- (a) The provisions of the Bond Resolution and applicable Series Resolutions shall be a contract of the Administration with the Trustee 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.

Series Resolutions. §2.02.

The Administration may, in a Series Resolution, allow permitted variances from provisions of the Bond Resolution (including, without limitation, any modifications to redemption or Qualified Hedge notice provisions) and any other provisions deemed advisable by the Administration and not in conflict with or in substitution for the provisions of the Bond Resolution.

Purchase of Bonds. §4.06.

The Administration may purchase or cause to be purchased any Bonds of any particular Series or maturity in lieu of redemption of such Bonds or for any other purpose pursuant to written instructions given by the Administration to the Trustee, provided that, if the purchase price of any Bonds exceeds the then applicable Redemption Price and accrued interest to the date of purchase, such written instructions shall be accompanied by a Cash Flow Certificate which takes into account any redemption or cancellation of Bonds so purchased. Such purchases shall be made in such manner as directed by the Administration. The Administration or the Trustee shall pay the purchase price of such Bonds together with accrued interest thereon from such funds as may be available therefor pursuant to the Bond Resolution, any applicable Series Resolution, or as otherwise may be made available by the Administration.

The Administration may from time to time in its discretion invite tenders for sale of Bonds to the Administration or a person designated by the Administration, either by public offer or private invitation, at such prices or bidding procedure as may be determined by the Administration. Such tender invitations may be made in lieu of redemption of Bonds or for any other purpose.

Funds and Accounts. §5.01.

The following funds and accounts are established under the Bond Resolution:

- (1) Bond Proceeds Fund;
- (2) Revenue Fund;
- (3) Redemption Fund;
- (4) Debt Service Reserve Fund;
- (5) Collateral Reserve Fund; and
- (6) Acquired Development Fund.

All such funds and accounts shall be held and maintained by the Trustee. The Administration may establish accounts and sub-accounts within each fund and account to the extent consistent with the Bond Resolution and such other funds or accounts as may be authorized pursuant to a Supplemental Resolution. All monies or securities held by the Trustee pursuant to the Bond Resolution or a Supplemental Resolution shall be held in trust and applied only in accordance with the provisions of the Bond Resolution, the applicable Supplemental Resolution, the Act, and other applicable law.

The Administration may at any time direct the transfer of moneys or Permitted Investments between or among any fund or account created pursuant to the Bond Resolution, provided such transfers are otherwise in accordance with the provisions of the Bond Resolution. The Administration may, but is under no obligation to, at any time deposit or cause to be deposited into any fund or account under the Bond Resolution moneys from any source, including, without limitation, funds of the Administration.

Bond Proceeds Fund. §5.02.

Any proceeds of the sale of Bonds representing principal, premium or other amounts required to be deposited therein pursuant to the Bond Resolution and any Supplemental Resolution or Series Resolution

and any other amounts determined by the Administration to be deposited therein from time to time shall be deposited in the related Series Account of the Bond Proceeds Fund.

Amounts in the Bond Proceeds Fund shall be expended only: (i) to finance one or more of the purposes authorized by the Bond Resolution; (ii) to pay Costs of Issuance; (iii) to pay principal of and interest on the Bonds when due, to the extent amounts in the Revenue Fund are insufficient for such purpose; (iv) to purchase or redeem Bonds; (v) to pay, purchase or redeem bonds, notes or other obligations of the Administration or any other entity; (vi) for any other use or purpose permitted by the applicable Series Resolution and the Act, and (vii) if so provided in a Supplemental Resolution, to reimburse a Credit Facility Provider or Credit Enhancer for amounts paid or obtained under a Credit Facility or Credit Enhancement for any of the purposes described in clauses (iii), (iv), (v) or (vi) of this paragraph.

The Trustee shall pay out and permit the withdrawal of amounts on deposit in the Bond Proceeds Fund at any time for the purpose of making payments pursuant to clause (i) or (ii) of the preceding paragraph, but only upon receipt of:

(1) a written requisition setting forth each amount to be paid, the person or persons to whom such payment is to be made (which may be or include the Administration) and the purpose of each such payment; and

(2) a certificate of an Authorized Officer identifying such requisition and stating that (A) the amount to be withdrawn from the Bond Proceeds Fund pursuant to such requisition is a proper charge thereon, (B) if such requisition is in connection with the financing of a Loan, including construction advances thereon, such Loan complies with the provisions of the Bond Resolution, and (C) the amount of all payments theretofore or thereupon made by the Administration does not exceed the amount necessary to finance the purpose of such payment.

At any time, the Administration may direct the Trustee in writing to transfer amounts in the Bond Proceeds Fund not required for the financing of the Administration's purposes to the Redemption Fund or to apply such amounts directly to the redemption, purchase or retirement of Bonds.

Revenue Fund. §5.03.

The Administration shall cause all Revenues to be deposited promptly with the Trustee in the related Series Account of the Revenue Fund. There shall also be deposited in the Revenue Fund any other amounts required to be deposited therein pursuant to the Bond Resolution or any Supplemental Resolution or any other funds from any source directed to be deposited therein by the Administration.

The Trustee shall pay out of the Revenue Fund:

(i) on or before each Interest Payment Date or other date or dates on which the following obligations are payable, the amounts required for the payment of Parity Interest, Principal Installments or Sinking Fund Installments, if any, related to Parity Bonds, and principal payments on other Parity Obligations, and

(ii) on or before the Redemption Date or date of purchase, the amounts required for the payment of premium, if any, and accrued interest on outstanding Bonds to be redeemed or purchased on such date unless the payment of such accrued interest shall be otherwise provided for,

and in each such case, such amounts shall be applied by the Trustee to such payments; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

Any amount accumulated in the Revenue Fund up to the unpaid balance of each Sinking Fund Installment may, and, if so directed in writing by the Administration, shall, be applied by the Trustee prior to the fifth day preceding the date the Trustee is required to give notice of redemption of Bonds pursuant to such Sinking Fund Installment: (i) to the purchase of Bonds of the maturity for which such Sinking Fund Installment was established, or (ii) to the redemption of such Bonds, if then redeemable by their terms, at the Redemption Prices referred to above; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the purchases referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such purchases may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

Except as otherwise provided in an applicable Supplemental Resolution, upon the purchase or redemption of any Bond, an amount equal to the principal amount of the Bonds so purchased or redeemed shall be credited toward the next Sinking Fund Installment thereafter to become due with respect to the Bonds of such maturity and the amount of any excess of the amounts so credited over the amount of the next Sinking Fund Installment shall be credited by the Trustee against future Sinking Fund Installments in direct chronological order, unless otherwise instructed in writing by an Authorized Officer at the time of such purchase or redemption. Any such instructions shall be given in such manner as, in the best judgment of the Administration, shall provide for the payment of the Sinking Fund Installments thereafter to become due from the remaining Revenues to be derived in connection with the Loans and any other Revenues expected to be available for such payments after considering the amounts payable pursuant to the Loans at such time. The portion of any Sinking Fund Installment remaining after the crediting thereto of any such amounts and of any amounts to be credited thereto (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculating Sinking Fund Installments due on a future date.

As soon as practicable after the fifth day preceding the date the Trustee is required to give notice of redemption of Bonds pursuant to any Sinking Fund Installment, the Trustee shall proceed to select and call for redemption, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of a principal amount of Bonds equal to the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption whether or not it then has monies in the Revenue Fund sufficient to pay the applicable Redemption Price thereof on the Redemption Date. The Trustee shall pay out of the Revenue Fund the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by the Trustee to such redemption; provided that if, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility, Credit Enhancement or Qualified Hedge are to be used to make the payments referred to in this paragraph, then amounts in the Revenue Fund which would have otherwise been used to make such payments may be applied to reimburse the Credit Facility Provider, Credit Enhancer or Qualified Hedge Provider, as applicable, for the amounts so obtained, all in accordance with such Supplemental Resolution.

On each Interest Payment Date, following the payments made as described in the second paragraph under “Revenue Fund. §5.03” above, and subject to the requirements and priorities set forth in any applicable Series Resolution authorizing a Series of Bonds, the Trustee shall transfer from the Revenue Fund:

(i) first, an amount equal to the amount necessary to be transferred to the Debt Service Reserve Fund for each Series of Parity Bonds in order that the amount on deposit therein be equal to the Debt Service Reserve Requirement (or such lesser amount as may be available),

(ii) second, to the Bond Proceeds Fund, such amount as the Administration determines is required to finance the purposes or uses described in the Bond Resolution, as evidenced by a certificate of an Authorized Officer,

(iii) third, if so directed by the Administration, to the Trustee, an amount equal to the Trustee’s unpaid fees and expenses,

(iv) fourth, if so directed by the Administration, to any Credit Facility Providers, Credit Enhancers or Qualified Hedge Providers an amount equal to any fees due and owing to such Credit Facility Providers, Credit Enhancers or Qualified Hedge Providers,

(v) fifth, to the Administration, an amount equal to any Operating Expenses, to the extent unpaid,

(vi) sixth, to the entities providing Permitted Investments with respect to the funds and accounts or any arrangements or agreements with respect thereto, amounts equal to the fees due and payable on or before the next succeeding Interest Payment Date to such entities, as designated in a certificate of an Authorized Officer, provided that the transfers made pursuant to the foregoing clauses (ii) through (v) shall be consistent with the most recent Cash Flow Statement or Cash Flow Certificate,

(vii) seventh, interest on Subordinate Contract Obligations, Principal Installments or Sinking Fund Installments, if any, related to Subordinate Bonds, and principal payments or other amounts (including Termination Payments) due under, other Subordinate Contract Obligations, and

(viii) eighth, an amount equal to the amount necessary to be transferred to the Debt Service Reserve Fund for each Series of Subordinate Bonds in order that the amount on deposit therein be equal to the Debt Service Reserve Requirement (or such lesser amount as may be available).

If the amounts to be transferred pursuant to the foregoing clauses (ii) through (v) are greater than permitted by the most recent Cash Flow Statement or Cash Flow Certificate, such greater amounts may be transferred upon the receipt by the Trustee of a new Cash Flow Statement or Cash Flow Certificate taking such increased transfers into account. At any time after the transfers described in (i) through (viii) above have been made, except as otherwise provided in a Series Resolution, the Administration may upon the written request of an Authorized Officer and upon filing with the Trustee of a Cash Flow Statement or a Cash Flow Certificate, withdraw free and clear of the lien of the Bond Resolution any amount remaining in the Revenue Fund.

The Trustee may at any time make transfers from the Revenue Fund, upon the written direction of an Authorized Officer, to the Redemption Fund for the purposes of such fund. No such transfer shall be made, however, unless there is on deposit in the Revenue Fund after such transfer an amount equal to the

Debt Service accrued on all Outstanding Bonds, and any amounts accrued on Parity Obligations and Subordinate Contract Obligations, as of the date of such transfer.

No payments shall be required to be made into the Revenue Fund so long as the amount on deposit therein shall be sufficient to pay all outstanding Bonds (including the Sinking Fund Installments for the retirement thereof) Parity Obligations, and Subordinate Contract Obligations in accordance with their terms, and any Revenues thereafter received by the Administration may be applied to any lawful purpose of the Administration free and clear of the pledge and lien of the Bond Resolution.

The Administration reserves the right to transfer any legally available funds, including, without limitation, proceeds of Refunding Bonds, to the Trustee for credit to the Revenue Fund to pay all or a portion of scheduled principal or interest payments on any Loan, to cure or avert a default on any Loan, or to make any payment of principal, premium, interest or Sinking Fund Installment with respect to any or all of the Bonds. The Administration shall be entitled to recover from the Borrower any amounts so advanced, together with interest thereon at the rate payable on the Loan, or to enforce its right to such recovery under the Loan.

Redemption Fund. §5.04.

The Trustee shall credit to the Redemption Fund all Recovery Payments, moneys permitted to be transferred from the Debt Service Reserve Fund, the Revenue Fund and the Bond Proceeds Fund and any other amounts provided by or on behalf of the Administration (including, without limitation, proceeds of refunding bonds or other obligations); each of which shall be used and applied, as directed by an Authorized Officer, to any of the following purposes: (i) to provide additional funds to the Bond Proceeds Fund for an increase in the amount of a Loan authorized by the Administration or for new Loans to be made, purchased or financed by the Administration, (ii) for the purchase or redemption of Outstanding Bonds as directed by an Authorized Officer, or (iii) for transfer to the Revenue Fund of amounts included in a Recovery Payment representing interest on a Loan. Upon the direction of an Authorized Officer, the Trustee shall transfer any excess funds then held in the Redemption Fund to the Revenue Fund.

Upon receipt of the instructions from an Authorized Officer, the Trustee shall apply money in the Redemption Fund not otherwise applied in accordance with the foregoing paragraph to the purchase of Bonds so designated at the most advantageous price obtainable or the redemption of Bonds.

If, pursuant to a Supplemental Resolution, amounts obtained under a Credit Facility are to be used to purchase or redeem Bonds, then amounts in the Redemption Fund which would otherwise have been used for such purposes may be applied to reimburse the Credit Facility Provider for the amounts so obtained, all in accordance with such Supplemental Resolution.

Debt Service Reserve Fund. §5.05.

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, the Trustee shall withdraw from the Debt Service Reserve Fund and pay into the related Series Account of the Revenue Fund the amount of the deficiency then remaining. See "SECURITY FOR THE BONDS - Debt Service Reserve Fund."

Collateral Reserve Fund. §5.06.

Moneys or Cash Equivalents shall be deposited into the related Series Account of 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, disbursement of moneys or Cash Equivalents from such fund, and maintenance of moneys or Cash Equivalents required to be held in such fund with respect to either a Series of Bonds or generally. The amount of moneys or Cash Equivalents required to be held in the Collateral Reserve Fund may be reduced upon receipt by the Trustee of a Cash Flow Certificate taking into account such reduction, which Cash Flow Certificate shall also state that such reduction, in and of itself, will not cause or result in a reduction of the rating or ratings on the Bonds in effect immediately before such reduction. Any balance in the Collateral Reserve Fund in excess of the Collateral Reserve Requirement, may, at the direction of an Authorized Officer, be withdrawn from the Collateral Reserve Fund and credited by the Trustee to any other fund.

Acquired Development Fund. §5.07.

Acquired Development Receipts shall be held by the Trustee in the Acquired Development Fund and shall 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 shall be transferred to the Revenue Fund. Payments from the Acquired Development Fund shall be made upon the direction of an Authorized Officer. Upon receipt of each such direction of an Authorized Officer, the Trustee shall pay the amount stated therein to the Administration by check or draft or shall arrange for the transfer, deposit or payment of such amounts as directed by the Authorized Officer.

Enforcement of Loan Provisions. §6.05.

The Administration shall 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.

The Administration may, in its discretion, modify, amend or alter any security for, or any terms or provisions, of any Loan or Mortgage, provided that, if such modification, amendment or alteration is material, the Administration has filed with the Trustee a Cash Flow Certificate taking such sale, release, modification, amendment or alteration into account. The Administration may, in its discretion, materially modify, amend, alter, cancel or release Credit Enhancement of any Loan, provided the Administration has filed with the Trustee a Cash Flow Certificate taking such modification, amendment, alteration, cancellation or release into account and a certificate of an Authorized Officer to the effect that any such modification, amendment, alteration, cancellation or release will not adversely affect the rating on the Bonds as in effect immediately before the date of such certification.

Whenever the Administration deems it necessary or appropriate to protect and enforce the rights of the Administration under a Mortgage securing a Loan and to protect and enforce the rights and interests of Bondholders under the Bond Resolution, the Administration either shall (i) make claim under any Credit Enhancement relating to the Loan and, if required, assign such Loan to the Credit Enhancer, (ii) commence foreclosure proceedings against the Borrower or the Development, or (iii) take such other action or exercise such other rights of the Administration upon default with respect to the Borrower or the Development as may be determined by the Administration to be in the best interests of the Bondholders. If the Loan is the subject to any Credit Enhancement, the Administration may take such actions or commence such proceedings (or refrain therefrom) as necessary or required by the Credit Enhancer and any applicable rules, regulations or procedures applicable to any Credit Enhancement in order to collect upon or exercise its rights with respect to the Credit Enhancement. To the extent necessary for the protection and enforcement of its rights under such Mortgage, the Administration may accept a deed in lieu of foreclosure or bid for and purchase the Development covered by such Mortgage at the foreclosure or other sale thereof and may

acquire and take possession of such Development if to do so would, in the Administration's judgment, be in the best interests of the Bondholders.

Upon foreclosure of a Mortgage or upon acquisition of an Acquired Development in lieu of foreclosure of a Mortgage, and so long as the Administration shall have title to or be in possession of the Acquired Development, the Administration may, as the case may be, construct, operate and administer such Acquired Development in the place and stead of the Borrower. To the extent moneys on deposit in the Bond Proceeds Fund relating to the Acquired Development or other moneys are available for such purpose, the Administration may apply such moneys to complete the construction and development thereof, if not already completed. The Administration may pay or make provision for payment of the costs and expenses of taxes, insurance, foreclosure fees, including appraisal and legal fees and similar expenses required to preserve or acquire unencumbered title to the Acquired Development from money withdrawn from the Acquired Development Fund. The Trustee is authorized to pay to the Administration, upon its request, any amount on deposit in the Bond Proceeds Fund with respect to any Acquired Development foreclosed or otherwise acquired by the Administration, upon receipt of advice from an Authorized Officer that such amount is required to pay an item that would have been included in the cost of the Acquired Development had the Administration not acquired the same.

Upon or after foreclosure of a Development under a Mortgage or acquisition thereof from the Borrower in lieu of foreclosure:

- (1) the Administration may convey title to the Acquired Development, provided that such conveyance results in the collection of Credit Enhancement benefits, if any, relating to the Loan;
- (2) the Administration may sell the Acquired Development at the best obtainable price, as determined by and in the judgment of the Administration;
- (3) the Administration may sell the Acquired Development to a Borrower and make a Loan with respect thereto, as if such Borrower were the original Borrower;
- (4) if the Acquired Development has not been completed, the Administration may elect to complete all or any part thereof and sell the Acquired Development as completed and any land not required for such completion as separate parcels for an aggregate price determined in accordance with paragraph (2) above or paragraph (5) immediately below; or
- (5) notwithstanding the foregoing, if the fair market value of the Acquired Development, as determined by the Administration based on such appraisals as it deems necessary, is less than the amount computed in accordance with the Bond Resolution, it may nevertheless be sold at its fair market value.

Prepayments of Loans. §6.06.

The Bond Resolution provides that the Administration will not consent to the Prepayment of any Loan unless all of the following requirements are met:

- (1) The Prepayment is permitted by the Credit Enhancer (if any) of the Loan.
- (2) The Administration requires that any voluntary Prepayment shall be in an amount determined by the Administration to be sufficient to provide for payment by the Administration of the following:

(i) an amount sufficient to redeem all Bonds that the Administration, in its discretion, determines to redeem in connection with such Prepayment (“Redemption Bonds”) in a principal amount at least equal to the amount of the Prepayment as of the date selected by the Administration for redemption of such Redemption Bonds (the “Redemption Date”);

(ii) the interest to accrue on the Redemption Bonds to such Redemption Date and premium due on such Redemption Bonds, if any; and

(iii) the costs and expenses of the Administration in effecting such redemption.

(3) In addition to the foregoing, the Administration may require that any voluntary Prepayment shall include an amount sufficient to provide for payment of other costs and expenses incurred in connection with the issuance of the Outstanding Bonds of the Series from which proceeds were used to finance the Loans, as determined by the Administration (including, without limitation, capitalized interest, costs of issuance, reserves, bond discount and legal fees not included in the principal of the Loan).

(4) If required, the Administration furnishes to the Trustee a Cash Flow Certificate taking such Prepayment into account.

In determining the foregoing amount, the Administration may include a reasonable estimate of income to be derived from the investment of such Prepayment until the Redemption Date.

Sale of Loans; Release from Lien of Bond Resolution. §6.07.

The Administration is authorized to sell, assign or otherwise dispose of a Loan (and to release the same from the lien of the Bond Resolution), in addition to a sale, assignment or disposition otherwise permitted under the Bond Resolution or any applicable Supplemental Resolution, provided the proceeds of such sale, assignment or disposition shall be treated as a Recovery Payment for purposes of the Bond Resolution and provided, further, that, with respect to any Loan not in default, the Administration files with the Trustee a Cash Flow Certificate taking into account such sale, assignment or disposition.

The Administration is authorized to release a Loan from the lien of the Bond Resolution, provided the Administration files with the Trustee a Cash Flow Certificate taking into account such release.

The Administration is authorized to release a Loan secured by a Credit Facility or Credit Enhancement, reserves created or held with respect to such Loan or the Series of Bonds (or portion of such Series) issued to make, purchase or finance such Loan and any other moneys to be received with respect to such Loan 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 Loan or the Credit Enhancement securing the Loan, 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.

Maintenance of Debt Service Reserve Requirement. §6.08.

In the event the amounts held in the Debt Service Reserve Fund shall for any reason be less than the Debt Service Reserve Requirement, the Administration shall cause deposits to be made to the Debt Service Reserve Fund from moneys available in the Revenue Fund until the amounts in such fund shall equal or exceed the Debt Service Reserve Requirement. *The failure of the Administration to maintain the*

Debt Service Reserve Requirement shall not, in and of itself, constitute an Event of Default under the Bond Resolution. See “SECURITY FOR THE BONDS - Debt Service Reserve Fund.”

Accounts and Reports. §6.09.

The Administration shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Program and all funds and accounts established by or pursuant to the Bond Resolution, which shall at all reasonable times be subject to the inspection of the Trustee or of the holders of an aggregate of not less than five percent in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

Annually, within 180 days after the close of each Fiscal Year, the Administration shall file with the Trustee, and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant’s Report, including the following statements in reasonable detail: a statement of assets and liabilities as of the end of such period and a statement of income, expenses and changes in fund balances for such period. Revenues and expenses shall be accrued, and assets shall be valued in such manner as is deemed by the Administration and the accountant to be necessary to present fairly the results of operations for the Fiscal Year and the financial position of such funds and accounts at the end of the Fiscal Year in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding Fiscal Year.

Cash Flow Statements and Certificates. §6.13.

See the discussion of Cash Flow Statements and Cash Flow Certificates under the heading “SECURITY FOR THE BONDS - Cash Flow Statements and Certificates.”

A 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 interest rate used shall be assumed to be the fixed rate, which in the judgment of the remarketing agent for such Bonds, or such other financial consultant selected by the Administration and experienced in the sale of municipal securities (having due regard to the prevailing market conditions), would be necessary to enable such Bonds to be sold at par in the secondary market on the date of such calculation or such higher or lower rate which does not adversely affect any of the Rating Agency’s ratings on the Bonds. The calculations contained in a Cash Flow Statement may be prepared by the Administration or a financial advisor or a financial or accounting firm acceptable to the Administration.

Discharge of Lien. §7.01.

If the Administration shall pay or cause to be paid, or there shall otherwise be paid or provision for payment made, to the holders of Parity Obligations and Subordinate Contract Obligations the principal of, premium, if any, and interest due or to become due thereon at the times and in the manner stipulated therein and in the Bond Resolution, then unless the Trustee is advised by an Authorized Officer to the contrary, these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Bond Resolution, and execute and deliver to the Administration such instruments in writing as shall be requisite to release the lien of the Bond Resolution, and reconvey, release, assign and deliver unto the Administration any and all the estate, right, title and interest in and to any and all rights or property assigned or pledged to the Trustee or otherwise subject to the lien of the Bond Resolution, except cash held by the Trustee or any Paying Agent for the payment of

the principal of, premium, if any, and interest on the Parity Obligations and Subordinate Contract Obligations.

Any Parity Obligations or Subordinate Contract Obligations shall be deemed to be paid for all purposes of the Bond Resolution when payment of the principal of, premium, if any, and interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Bond Resolution) either: (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment (A) moneys sufficient to make such payment or (B) either Federal Obligations or Pre-Refunded Municipal Obligations maturing as to principal and interest in such amount and at such time as will ensure, together with any moneys held for payment of the Parity Obligations or Subordinate Contract Obligations, the availability of sufficient moneys to make such payment. At such times as a Parity Obligation or Subordinate Contract Obligation shall be deemed to be paid under the Bond Resolution, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Bond Resolution, except for the purposes of any such payment from such moneys, Federal Obligations or Pre-Refunded Municipal Obligations.

Notwithstanding the foregoing, no deposit under clause (B) of the immediately preceding paragraph shall be deemed a payment of such Parity Obligations and Subordinate Contract Obligations as aforesaid until: (i) proper notice of redemption of such Parity Obligations or Subordinate Contract Obligations shall have been previously given in accordance with the Bond Resolution, or in the event said Parity Obligations or Subordinate Contract Obligations are not by their terms subject to redemption within the next succeeding 60 days, until the Administration shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to notify, as soon as practicable, the Parties or holders or owners of the Parity Obligations or Subordinate Contract Obligations, in accordance the Bond Resolution that the deposit required by subparagraph (ii) above has been made with the Trustee and that said Parity Obligations and Subordinate Contract Obligations are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Parity Obligations and Subordinate Contract Obligations; or (ii) the maturity of such Parity Obligations and Subordinate Contract Obligations.

Notwithstanding the foregoing, in the case of Parity Obligations or Subordinate Contract Obligations which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Parity Obligations or Subordinate Contract Obligations as aforesaid until the Administration shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instruction:

(i) stating the date when the principal (and premium, if any) of each such Parity Obligations or Subordinate Contract Obligations is to be paid, whether at maturity or on a redemption date;

(ii) to call for redemption pursuant to the Bond Resolution any Parity Obligations or Subordinate Contract Obligations to be redeemed prior to maturity pursuant to paragraph (i) above; and

(iii) to notify, as soon as practicable, in the manner prescribed by the Bond Resolution the holders of such Parity Obligations or Subordinate Contract Obligations that the deposit required has been made with the Trustee and that said Parity Obligations or Subordinate Contract Obligations are deemed to have been paid in accordance with this Section and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or

redemption price, if applicable, on said Parity Obligations or Subordinate Contract Obligations as specified in paragraph (i) above.

If the Administration shall pay or cause to be paid, or there otherwise shall be paid to the Parties to or the holders of all Parity Obligations and Subordinate Contract Obligations, the principal or Redemption Price, if applicable, thereof and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution, such Parity Obligations and Subordinate Contract Obligations shall cease to be entitled to any lien, benefit or security under the Bond Resolution and the applicable Series Resolution, and the applicable Series Resolution and all covenants, agreements and obligations of the Administration to Parties to or the holders of such Parity Obligations and Subordinate Contract Obligations shall thereupon cease, terminate and become void and be discharged and satisfied.

All moneys so deposited with the Trustee as provided in this Section may at the direction of the Administration also be invested and reinvested in Federal Obligations or Pre-Refunded Municipal Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Federal Obligations or Pre-Refunded Municipal Obligations in the hands of the Trustee which is not required for the payment of the Parity Obligations and Subordinate Contract Obligations and interest and premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Revenue Fund as and when realized and collected for application as are other moneys deposited in such fund. The Trustee may sell, transfer or otherwise dispose of the Federal Obligations and Pre-Refunded Municipal Obligations deposited with the Trustee pursuant to this Section; provided that the amounts received upon any such sale, transfer or other disposition, or a portion of such amounts, shall be applied to the purchase of other Federal Obligations and Pre-Refunded Municipal Obligations, the principal of and the interest on which when due will provide monies which, together with the monies on deposit with the Trustee, shall be sufficient to pay when due the principal or Redemption Price, if applicable, of and interest due and to become due on said Parity Obligations and Subordinate Contract Obligations on and prior to the redemption date or maturity date thereof, as the case may be.

All moneys, Federal Obligations and Pre-Refunded Municipal Obligations set aside and held in trust pursuant for the payment of Parity Obligations and Subordinate Contract Obligations (including interest and premium thereon, if any) shall be applied to and used solely for the payment of the particular Parity Obligations and Subordinate Contract Obligations (including interest and premium thereof, if any) with respect to which such moneys, Federal Obligations and Pre-Refunded Municipal Obligations have been so set aside in trust.

Events of Default. §8.01.

Each of the following shall constitute an event of default under the Bond Resolution:

(a) Interest on any of the Bonds is not paid within 30 days after the same becomes due, or the principal or redemption price of any Bonds is not paid at maturity or at a redemption date at which the Bonds have been called for redemption, or a Sinking Fund Installment is not paid when due;

(b) If there is a material default in the performance or observance of any other of the Administration's covenants, agreements or conditions contained in the Bond Resolution, a Series Resolution or the Bonds, and such default is not remedied after notice thereof; or

(c) If the Administration shall file a petition seeking a composition of indebtedness under the federal bankruptcy laws, or under any other applicable law or statute of the United States of America or of the State.

No default under clause (b) above shall constitute an Event of Default until actual notice of such default shall be given to the Administration by the Trustee or by the holders of not less than 100% in aggregate principal amount of all Bonds Outstanding and the Administration shall have had 180 days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided that if said default be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Administration within the applicable period and diligently pursued until the default is corrected.

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, only Bonds other than Subordinate Bonds shall 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 shall relate only to Subordinate Bonds.

Under no circumstances shall the Administration's failure to pay (i) Parity Obligations other than Bonds, (ii) Termination Payments or (iii) Subordinate Contract Obligations constitute an Event of Default.

Remedies; Rights of Bondholders. §8.02.

Upon the occurrence of an Event of Default described in Paragraph (a) under the heading "Events of Default. §8.01" above, the Trustee may pursue any available remedy under the Act, at law or in equity to enforce the payment of the principal and interest on the Parity Obligations and Subordinate Contract Obligations then Outstanding, including, declaring the principal of all Parity Obligations and Subordinate Contract Obligations Outstanding and the interest accrued thereon to be immediately due and payable, whereupon such Parity Obligations and Subordinate Contract Obligations shall thereupon become immediately due and payable.

In addition, upon the occurrence of an Event of Default, the Administration shall:

- (a) if requested so to do by the holders of no less than 100% in aggregate principal amount of Bonds then Outstanding, effectuate the assignment to the Trustee of any or all of the Loans and Mortgages held by the Administration and financed under the Program;
- (b) subject the books of record and account of the Administration and all records relating to the Program to the inspection and use of the Trustee and of its agents and attorneys; and
- (c) whenever the Trustee shall demand, account as if it were the trustee of an express trust for all Revenues and other money, securities and funds and accounts pledged or held under the Bond Resolution for such period as shall be stated in such demand.

Right of Bondholders to Direct Proceedings. §8.03.

The holders of 100% of the aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Bond Resolution, or for the appointment of a receiver or any other proceedings under the Bond Resolution; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Bond Resolution.

Rights and Remedies of Bondholders. §8.07.

No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Bond Resolution or for the execution of any trust of the Bond Resolution or for the appointment of a receiver or any other remedy under the Bond Resolution, unless (1) a default has occurred of which the Trustee has been notified or of which it is deemed to have notice, (2) such default shall have become an Event of Default and the owners of not less than 100% in aggregate principal amount of Bonds then Outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in their own name or names, (3) they have offered to the Trustee indemnity as required by the Bond Resolution, and (4) the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity shall be instituted, had and maintained for the equal and ratable benefit of the holders of all Bonds then Outstanding (other than owners of Subordinate Bonds, who shall be entitled to the priority established with respect to the applicable Series of Subordinate Bonds). However, nothing contained in the Bond Resolution shall affect or impair the right of any Bondholders to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Administration to pay the principal of and interest on each of the Bonds issued under the Bond Resolution to the respective holders thereof at the time, place, from the source and in the manner expressed in the Bonds.

Waivers of Events of Default. §8.09.

The Trustee may at its discretion waive any Event of Default under the Bond Resolution and its consequences, and shall do so upon the written request of the holders of (1) 100% in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or (2) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other default; provided that there shall not be waived (a) any Event of Default in the payment of the principal of any Outstanding Bonds at the date of maturity or sinking fund redemption date specified therein or (b) any default in the payment when due of the interest on any such Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Administration, the Trustee and the Bondholders shall be restored to their former positions and rights under the Bond Resolution, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Supplemental Bond Resolutions. §9.01 - §9.03.

For any one or more of the following purposes and at any time or from time to time, a resolution of the Administration supplementing the Bond Resolution may be adopted, which resolution, upon filing with the Trustee of a copy thereof certified by an Authorized Officer, shall be fully effective in accordance with its terms to:

- (a) close the Bond Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Bond Resolution on, the issuance in the future of Bonds;

(b) add to the covenants or agreements of the Administration in the Bond Resolution, other covenants or agreements to be observed by the Administration which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(c) add to the limitations, restrictions or provisions in the Bond Resolution, other limitations, restrictions or provisions to be observed by the Administration which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect;

(d) surrender any right, power or privilege reserved to or conferred upon the Administration by the Bond Resolution;

(e) confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Bond Resolution, of the Revenues or any other money, Loans, funds or accounts; or

(f) specify, determine or authorize by Series Resolution any and all matters and things relative to the Bonds of a Series or the proceeds thereof which are not contrary to or inconsistent with the Bond Resolution as theretofore in effect.

For any one or more of the following purposes and at any time or from time to time, a resolution of the Administration, amending or supplementing the Bond Resolution, may be adopted, which, upon (i) filing with the Trustee of a copy thereof certified by an Authorized Officer and (ii) filing with the Administration of an instrument in writing made by the Trustee consenting to such resolution, shall be fully effective in accordance with its terms to:

(a) cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Bond Resolution;

(b) insert such provisions clarifying matters or questions arising under the Bond Resolution as are necessary or desirable and are not contrary to or inconsistent with the Bond Resolution as theretofore in effect; or

(c) amend the Bond Resolution in any respect which, in the opinion of the Trustee, is not materially adverse to the interests of the Bondholders and will not, in and of itself, adversely affect the ratings on the Bonds in effect immediately before the adoption of such amendment.

Except as provided above, the holders of not less (i) two-thirds in aggregate principal amount of the Parity Bonds (as to Supplemental Resolutions relating to the Parity Bonds) or (ii) two-thirds in aggregate principal amount of the Subordinate Bonds (as to Supplemental Resolutions relating to the Subordinate Bonds), shall have the right, from time to time, anything contained in the Bond Resolution to the contrary notwithstanding, to consent to and approve the execution by the Administration and the Trustee of such Supplemental Resolutions hereto as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any Supplemental Resolutions; provided that nothing in this paragraph shall permit, or be construed as permitting, without the consent of the holders of all Outstanding Parity Bonds or Subordinate Bonds, as the case may be, (a) an extension of the maturity or mandatory sinking fund redemption date of the principal of or the interest on any Bond issued under the Bond Resolution, or (b) a reduction in the principal amount of any Bond or the rate of interest, or sinking fund redemption requirements, thereon, or (c) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution, or (e) the creation of any lien other than a lien ratably securing all of the

Bonds at any time Outstanding under the Bond Resolution or (f) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee without the written consent of the Trustee.

Investment of Funds and Accounts. §10.02.

Except as otherwise provided in the Bond Resolution, the Administration may direct the Trustee to, and in the absence of direction the Trustee shall, invest moneys in the funds and accounts held by the Trustee in Permitted Investments, the maturity or redemption date (at the option of the Administration or the Trustee) of which shall coincide as nearly as practicable with the times at which moneys in said fund or account will be required for the purposes provided in the Bond Resolution.

Except as otherwise provided in a Series Resolution, the amount in any fund or account held by the Trustee under the provisions of the Bond Resolution shall be determined as of the end of each month as follows:

- (i) the bid and asked prices of investments as published by a nationally recognized pricing service on or the date immediately preceding the date of determination, or the average bid price at the time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments;
- (ii) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (iii) as to any investment not specified above: the value thereof established by prior agreement between the Administration and the Trustee.

The Trustee shall sell at the best price obtainable, as determined by the Administration, or present for redemption, any obligation purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the fund or account for which such investment was made.

Trustee. Article XI.

The Trustee or any successor Trustee shall be a bank, trust company or national banking association having trust powers and a combined capital and surplus of not less than \$50,000,000. The Trustee shall be 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. The Trustee shall not be liable in connection with the performance of its duties under the Bond Resolution, except for its own negligence or default.

The Trustee may become the owner of or may deal in Parity obligations or Subordinate Contract Obligations or may act as a Servicer as fully and with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Bond Resolution, whether or not any such committee shall represent the holders of a majority in aggregate principal amount of the Bonds Outstanding.

The Trustee, or any successor thereof, may at any time resign and be discharged of its duties and obligations created by the Bond Resolution by giving not less than 60 days' written notice to the Administration and giving or publishing notice thereof, specifying the date when such resignation is proposed take effect, within 20 days after the giving of such written notice. Such resignation shall not, however, take effect unless previously a successor shall have been appointed by the Administration or Bondholders as provided in the Bond Resolution, in which event such resignation shall take effect immediately on the appointment of such successor and its acceptance of such appointment.

The Trustee, or any successor thereof, may be removed at any time by the Administration (so long as the Administration is not in default under the Bond Resolution) in its sole discretion (including, without limitation, competitive or negotiated bidding for services) by notice given by the Administration to the Trustee, or by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration, by an instrument or concurrent instruments in writing signed and duly acknowledged by such Bondholders or by their attorneys duly authorized in writing and delivered to the Administration.

If the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed or if any public office shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the holders of a majority in aggregate principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of the Administration, by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to such successor Trustee and to the Administration. Pending such appointment, the Administration shall forthwith appoint a successor Trustee to fill such vacancy until a successor Trustee shall be appointed by Bondholders as authorized under the Bond Resolution.

The Administration reserves the right to approve, in its sole discretion, any successor Trustee if any Trustee is merged or converted or consolidated or if any Trustee sells or transfers all, substantially all or any portion of its corporate trust business. Any proposed transfer of the trusts created under the Bond Resolution to a successor not approved by the Administration shall constitute sufficient ground for removal of the Trustee. The Administration, in its sole discretion, reserves the right, in the future and from time to time, to undertake to obtain competitive proposals from financial and trust institutions for the performance of the services of Trustee, Registrar and Paying Agent under the Bond Resolution. The Trustee, Paying Agent and Registrar each agree that in the event its proposal is not accepted by the Administration in such circumstances, it shall resign as Trustee, Registrar or Paying Agent upon request of the Administration. Alternatively, at the option of the Administration, the failure of the Trustee, Registrar or Paying Agent to be the party whose proposal is accepted for trustee, registrar or paying agent services in the future shall constitute sufficient reason for removal of the Trustee, Registrar or Paying Agent under the Bond Resolution by the Administration.

Publication of Notice. §12.07.

Whenever the Administration or the Trustee is required or permitted to give or publish notice of any event or occurrence under the Bond Resolution, such notice shall be given or published in such manner and by such means as the Administration or the Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Administration or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more "nationally recognized municipal securities information repositories" (as such term is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid,

to the person entitled to receive the notice at such person's address as shown on the records of the Administration or the Trustee.

APPENDIX I-1

**AUDITED FINANCIAL STATEMENTS OF THE
COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

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



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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Community Development Administration Housing Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Fund's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2023 and 2022, and the changes in financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, the changes in financial position and cash flows of the Fund and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2023 and 2022, and the changes in its net position and its cash flows, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2023, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2023

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

NOTE 1 AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

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

The accompanying financial statements only include CDA's Housing Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds to provide funds to finance or refinance loans for various types of housing. As of June 30, 2023 and 2022, Housing Revenue Bonds have primarily financed multi-family projects.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Basis of Accounting and Measurement Focus

The basis of accounting for the Fund is determined by measurement focus. The flow of economic resources measurement focus and the accrual basis of accounting are used to account for the Fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities associated with the operation of the Fund are included on the Statements of Net Position. The Fund is required to follow all statements of the Governmental Accounting Standards Board (GASB).

Generally Accepted Accounting Principles

CDA reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by GASB. Consequently, CDA applies all applicable GASB pronouncements.

In accordance with accounting guidance issued by GASB, net position should be reported as restricted when constraints placed on net position use is either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the Fund is restricted as to its use as the net position is pledged to bondholders.

Since CDA is an enterprise fund included in the state of Maryland's Annual Comprehensive Financial Report, a separate Management's Discussion and Analysis is not included in these financial statements.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents on Deposit

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. government agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2023, all of the Fund's cash equivalents were invested in a money market mutual fund and U.S. Treasury Bills. As of June 30, 2022, all of the Fund's cash equivalents were invested in a money market mutual fund. Cash equivalents are fully described in Note 3.

Investments

Investments are principally governmental debt securities or investment agreements collateralized by governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date, with the exception of State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO) which are short-term (7-day) instruments that can be tendered at 7 days' notice. Callable investments are classified as current, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note 3.

Mortgage-Backed Securities

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

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of allowance for loan losses. Loan fees are recognized as revenue in the period received. See Notes 4 and 12 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all of the mortgage loans of the Fund are insured or guaranteed. Less than 1% of the loan portfolio is uninsured and CDA has established an allowance for loan losses on these loans. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group. See Notes 4 and 12 for additional information.

Accrued Interest and Other Receivables

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

Bonds Payable

Bonds payable are carried at their unpaid principal balances. However, in an economic refunding, any costs incurred from the refunding of bonds would be reported as deferred outflows or inflows of resources on the Statements of Net Position. See Notes 6, 7, 8, and 10 for more information.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits by Borrowers

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

Rebate Liability on Investments

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

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Code (IRC) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the IRC. If at any time the composite yields on the transferred loans are out of compliance with the IRC, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2023 and 2022, all mortgage loan yields were in compliance with the IRC.

Interest on Mortgage Loans and Mortgage-Backed Securities

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

Fee Income

CDA receives multi-family financing fees at loan origination. These fees are recognized as revenue in the period received as fee income.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Support

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

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

Revenue and Expenses

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

Use of Estimates

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

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

Bond proceeds and revenues from mortgages, mortgage-backed securities, and investments are invested in authorized investments as defined in the Housing Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, paying bond debt service or redeeming outstanding bonds, and funding program expenses. Authorized investments include State Housing Finance Agency (HFA) Variable Rate Demand Obligations (VRDO), obligations of the U.S. Treasury, U.S. government agencies, repurchase agreements, investment agreements, money market funds, and certificates of deposit.

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

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

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

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

Interest Rate Risk

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

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

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

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

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

Interest Rate Risk (continued)

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

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

The BlackRock Liquidity FedFund Administration Shares invests primarily in cash, U.S. Treasury bills, notes, and other obligations issued or guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities, and repurchase agreements secured by such obligations or cash. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2023 and 2022, the cost of the money market mutual fund approximated fair value.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Resolution and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2023 and 2022, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2023 and 2022, the ratings on Housing Revenue Bonds were Aa2 by Moody's Investors Service and AA+ by Fitch Ratings. The following tables provide credit quality rating information for the investment portfolio and individual issuers, if they represent 5% or more of total investments in accordance with accounting guidance issued by GASB.

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

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

Credit Risk and Concentration of Credit Risk (continued)

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

As of June 30, 2023, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	\$ 112,091	74.02%	Aaa-mf		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	29,318	19.36%		Direct U.S. Obligations	
U.S. Treasury Securities	10,027	6.62%		Direct U.S. Obligations	

As of June 30, 2022, credit ratings and allocation by type of investments for the following assets were:

Asset	Fair Value	Percentage of Total Investments	Money Market Fund Rating	Securities Credit Rating	Rating Agency
BlackRock Liquidity FedFund Administration Shares	\$ 127,688	72.86%	Aaa-mf		Moody's
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	30,976	17.68%		Direct U.S. Obligations	
U.S. Treasury Securities	9,188	5.24%		Direct U.S. Obligations	

Mortgage-Backed Securities

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities are “fully modified pass-through” mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) lender, as the issuer of the guaranteed security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

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

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2023 and 2022, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

Fair Value Measurements

CDA categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

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

- U.S. Treasury Securities of \$10,027 and \$9,188, respectively, are valued using quoted market prices (Level 1).
- State HFA VRDO of \$0 and \$7,400, respectively, are valued using the matrix pricing technique (Level 2).
- GNMA mortgage-backed securities of \$29,318 and \$30,976, respectively, are valued using the matrix pricing technique (Level 2).

NOTE 4 MORTGAGE LOANS

All multi-family mortgage loans are secured by first liens on the related property and approximately 99% of the outstanding loan amounts are insured or credit enhanced by the Federal Housing Administration (FHA), Maryland Housing Fund (MHF), Federal National Mortgage Association (FNMA), GNMA, or bank letters of credit. As of June 30, 2023 and 2022, interest rates on such loans range from 0.88% to 6.99% and 0.55% to 6.99%, respectively, with remaining loan terms ranging from less than 1 year to 40 years. For the years ended June 30, 2023 and 2022, an allowance for loan losses in the amount of \$32 and \$33, respectively, has been established for uninsured loans.

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

NOTE 5 ACCRUED INTEREST AND OTHER RECEIVABLES

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

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

NOTE 6 BONDS PAYABLE

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

The provisions of the Resolution require or allow for the special redemption of bonds at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions, at a redemption price equal to the principal amount thereof to be redeemed. When bonds are redeemed, whether as a special or optional redemption, CDA writes off a proportionate share of any unamortized original issue premiums, net of any unamortized original issue discounts, as a gain on early retirement of debt in the accompanying Statements of Revenue, Expenses, and Changes in Net Position. If unamortized original issue discounts exceed unamortized original issue premiums, CDA records a loss. The Fund's bonds are tax-exempt and have fixed rates, except Series 2013 E which is a taxable, variable rate issue. The variable rate is set weekly by a remarketing agent so that the market value of the bonds is as close as possible to 100% of the principal amount of the bonds. In no event will these variable rate bonds bear interest at a rate in excess of 12%.

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

NOTE 6 BONDS PAYABLE (CONTINUED)

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

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

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

NOTE 6 BONDS PAYABLE (CONTINUED)

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

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

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

NOTE 7 DEBT SERVICE REQUIREMENTS

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

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

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

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

The interest calculations on outstanding variable rate bonds in the amount of \$41,795 are based on the variable rate in effect on June 30, 2023 and 2022, and are not indicative of the actual interest expense that will be incurred in future years. As rates vary, variable rate bond interest payments will vary.

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

NOTE 8 BOND REFUNDINGS

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds for the purpose of lowering debt costs by reducing interest rates or for other purposes such as revising payment schedules or modifying restrictions related to the old debt. This type of transaction is commonly known as an economic refunding. There were no bond refundings for the years ended June 30, 2023 and 2022.

NOTE 9 REBATE LIABILITY

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

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

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

NOTE 10 LONG-TERM OBLIGATIONS

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

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

NOTE 11 INTERFUND ACTIVITY

In accordance with the Resolution, net position in the Fund is restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Resolution to meet the obligations of the Fund in current and future years.

During the years ended June 30, 2023 and 2022, the Fund transferred the following amounts, as permitted, among Funds:

	<u>2023</u>	<u>2022</u>
Excess Revenue Transferred to the General Bond Reserve Fund	<u>\$ (1,000)</u>	<u>\$ (2,000)</u>

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

NOTE 12 MORTGAGE INSURANCE

Approximately 99% of the Fund's outstanding loan amounts are insured or credit enhanced as described in Note 4.

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

NOTE 13 PENSION AND OTHER POSTRETIREMENT BENEFITS

Eligible employees of CDA and employees of the state of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. CDA's only obligation for retirement and postemployment benefits is its required annual contribution, which was paid in full by CDA to the state of Maryland prior to year-end. The liability for the employees is recorded by the general fund of the state of Maryland and is not allocated to CDA. The System prepares a separate audited Annual Comprehensive Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at www.sra.maryland.gov.

NOTE 14 SUBSEQUENT EVENTS

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

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

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

In accordance with accounting guidance issued by GASB, CDA reflects investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses, and Changes in Net Position.

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual Increases/ Decreases</u>	<u>Cumulative Total</u>
1997	\$ (352)	\$ (352)
1998	832	480
1999	(407)	73
2000	48	121
2001	193	314
2002	157	471
2003	889	1,360
2004	(678)	682
2005	897	1,579
2006	(866)	713
2007	48	761
2008	444	1,205
2009	202	1,407
2010	472	1,879
2011	(280)	1,599
2012	1,283	2,882
2013	(730)	2,152
2014	(27)	2,125
2015	36	2,161
2016	409	2,570
2017	(666)	1,904
2018	(454)	1,450
2019	276	1,726
2020	330	2,056
2021	(493)	1,563
2022	(852)	711
2023	(378)	333

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

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

<u>Fiscal Year Ended June 30,</u>	<u>Annual Increases/ Decreases</u>	<u>Cumulative Total</u>
2000	\$ (3,825)	\$ (3,825)
2001	(3,291)	(7,116)
2002	3,340	(3,776)
2003	21,435	17,659
2004	(11,126)	6,533
2005	12,879	19,412
2006	(27,704)	(8,292)
2007	3,661	(4,631)
2008	(5,987)	(10,618)
2009	17,358	6,740
2010	13,103	19,843
2011	(7,348)	12,495
2012	6,303	18,798
2013	(8,491)	10,307
2014	(5,694)	4,613
2015	(1,650)	2,963
2016	2,232	5,195
2017	(2,551)	2,644
2018	(1,920)	724
2019	(705)	19
2020	(33)	(14)
2021	634	620
2022	(723)	(103)
2023	(1,165)	(1,268)

APPENDIX I-2

**UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE
COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

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**COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS**

**Unaudited Interim Financial Statements
For the three month period ended
September 30, 2023**

Community Development Administration
Housing Revenue Bonds

Statements of Net Position
(in thousands)

As of September 30, 2023 and June 30, 2023

	9/30/2023	6/30/2023
	(Unaudited)	(Audited)
Restricted assets		
Restricted current assets		
Cash and cash equivalents on deposit	\$ 138,589	\$ 116,335
Mortgage-backed securities	511	504
Multi-family mortgage loans	4,563	4,485
Accrued interest and other receivables	2,200	2,038
Total restricted current assets	145,863	123,362
Restricted long-term assets		
Investments	5,699	5,783
Mortgage-backed securities, net of current portion	28,140	28,814
Multi-family mortgage loans, net of current portion and allowance	430,650	410,478
Total restricted long-term assets	464,489	445,075
Total restricted assets	\$ 610,352	\$ 568,437
Liabilities and net position		
Current liabilities		
Accrued interest payable	\$ 4,084	\$ 7,359
Accounts payable	106	120
Rebate liability	-	365
Bonds payable	31,826	26,268
Deposits by borrowers	5,856	7,235
Total current liabilities	41,872	41,347
Long-term liabilities		
Rebate liability, net of current portion	5	5
Bonds payable, net of current portion	475,371	436,858
Deposits by borrowers, net of current portion	28,426	27,179
Total long-term liabilities	503,802	464,042
Total liabilities	545,674	505,389
Net position		
Restricted	64,678	63,048
Total liabilities and net position	\$ 610,352	\$ 568,437

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

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

For the three months ended September 30, 2023 and September 30, 2022

	9/30/2023 (Unaudited)	9/30/2022 (Unaudited)
Operating revenue		
Interest on mortgage loans	\$ 4,423	\$ 3,829
Interest on mortgage-backed securities	361	367
Interest income on investments, net of rebate	1,135	460
Decrease in fair value of investments	(84)	(279)
Fee income	699	-
Other operating revenue	2	7
Total Operating Revenue	6,536	4,384
Operating expenses		
Interest expense on bonds	4,220	3,299
Professional fees and other operating expenses	146	148
Total Operating Expenses	4,366	3,447
Operating income	2,170	937
Nonoperating expenses		
Decrease in fair value of mortgage-backed securities	(540)	(874)
Change in net position	1,630	63
Net position - restricted at beginning of period	63,048	59,556
Net position - restricted at end of period	\$ 64,678	\$ 59,619

See accompanying notes.

Community Development Administration
Housing Revenue Bonds

Statements of Cash Flows
(in thousands)

For the three months ended September 30, 2023 and September 30, 2022

	9/30/2023	9/30/2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Principal and interest received on mortgage loans	\$ 5,457	\$ 6,829
Principal and interest received on mortgage-backed securities	489	489
Escrow funds received	4,311	2,792
Escrow funds paid	(4,443)	(2,835)
Loan fees received	699	-
Purchase of mortgage loans	(21,364)	(17,798)
Professional fees and other operating expenses	(143)	(198)
Other income received	2	7
Other reimbursements	5	-
Net cash from operating activities	<u>(14,987)</u>	<u>(10,714)</u>
Cash flows from investing activities		
Proceeds from maturities or sale of investments	-	7,400
Interest received on investments	640	348
Net cash from investing activities	<u>640</u>	<u>7,748</u>
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	55,800	-
Payments on bond principal	(11,729)	(17,702)
Interest on bonds	(7,495)	(5,686)
Net cash from noncapital financing activities	<u>36,576</u>	<u>(23,388)</u>
Net increase (decrease) in cash and cash equivalents on deposit	22,229	(26,354)
Adjustments to Report Cash Equivalents at Fair Value:		
Amortized Investment Discount on Cash Equivalents	26	-
Reversal of Increase in Fair Value on Cash Equivalents	(1)	-
Adjusted net increase (decrease) in cash and cash equivalents on deposit	<u>22,254</u>	<u>(26,354)</u>
Cash and cash equivalents on deposit at beginning of period	116,335	127,688
Cash and cash equivalents on deposit at end of period	<u>\$ 138,589</u>	<u>\$ 101,334</u>

(continued)

Community Development Administration
Housing Revenue Bonds

Statements of Cash Flows - continued
(in thousands)

For the three months ended September 30, 2023 and September 30, 2022

	9/30/2023	9/30/2022
	(Unaudited)	(Unaudited)
Reconciliation of operating income to net cash from operating activities		
Operating income	\$ 2,170	\$ 937
Adjustments to reconcile operating income to net cash from operating activities		
Amortization of investment premiums and discounts	(25)	11
Decrease in fair value of investments	84	279
Interest received on investments	(640)	(348)
Interest on bonds	7,495	5,686
(Increase) decrease in assets		
Mortgage loans	(20,250)	(15,292)
Mortgage-backed securities	127	121
Accrued interest and other receivables	(162)	373
Decrease in liabilities		
Accrued interest payable	(3,275)	(2,387)
Accounts payable	(14)	(51)
Rebate liability	(365)	-
Deposits by borrowers	(132)	(43)
Net cash from operating activities	\$ (14,987)	\$ (10,714)

See accompanying notes.

Community Development Administration Housing Revenue Bonds

Notes to Unaudited Interim Financial Statements (in thousands)

September 30, 2023

1. Basis of Presentation:

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

2. Investments and Mortgage-backed Securities:

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

Investments

As of September 30, 2023, the fair value of investments was \$5,699 of which \$5,450 was the cost of these investments and \$249 was the cumulative increase in fair value. For the three months ended September 30, 2023, the fair value of investments decreased by \$84.

Mortgage-backed Securities

As of September 30, 2023, the fair value of mortgage-backed securities was \$28,651 of which \$30,459 was the cost of these mortgage-backed securities and \$1,808 was the cumulative decrease in fair value. For the three months ended September 30, 2023, the fair value of mortgage-backed securities decreased by \$540.

3. Mortgage-backed Securities and Mortgage Loans:

During the three months ended September 30, 2023, CDA purchased mortgage-backed securities and multi-family mortgage loans in the amount of \$0 and \$21,364, respectively.

4. Bonds Payable:

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

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

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

5. Subsequent Events:

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

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

APPENDIX J-1

AUDITED FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND

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MARYLAND HOUSING FUND
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the statements of the Maryland Housing Fund (MHF) of the Department of Housing and Community Development of the State of Maryland, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the MHF's basic financial as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund, as of June 30, 2023 and 2022, and the changes in financial position, and, its, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Financial Statement Presentation

As discussed in Note 1, the financial statements present only the financial position, changes in financial position, and cash flows of MHF and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion on the basic financial statements was not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

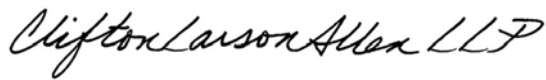
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department of Housing and Community Development's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Office of the Secretary
Department of Housing and Community Development

Required Supplementary Information

Management has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 25, 2023

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

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

NOTE 1 PROGRAM DESCRIPTION

The Maryland Housing Fund (MHF) was established in 1971 by Section 3-201 through 3-208 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended, to encourage the flow of private investment capital into multiple-unit and Single Family housing by insuring qualified lending institutions against losses on mortgage loans. MHF is authorized to insure mortgage loans, including mortgage loans for Multi-Family developments financed by public agencies such as the Community Development Administration (CDA), a governmental unit within the Division of Development Finance of the Department of Housing and Community Development (DHCD) and to provide primary insurance for Single Family mortgage loans. Legislation enacted in 2016 expanded MHF's authority to insure business loans originated by qualified lending institutions. MHF insures against certain monetary losses incurred as a result of nonpayment of principal, interest or other sums agreed to be paid and certain other events of default under the terms of any insured mortgage loan, but does not insure against property losses, including without limitation, title risk, risks of defective construction or casualty, or any other reduction in project value due to insurable risk or force majeure, casualty or title loss. Legislation enacted in 1981 enables MHF to originate mortgage loans to assist in the disposal of property acquired through foreclosure or pursuant to any other payment in settlement of a claim or loss. MHF is a governmental unit within DHCD's Division of Credit Assurance.

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

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

MHF's reserve funds are derived from the net proceeds of five issues of the State of Maryland (State) general obligation bonds aggregating \$39,300,000 and \$7,500,000 in proceeds derived from State appropriations. In addition, the funds have earned investment income and paid claims. The unrestricted accumulated deficit reflects MHF's operations since inception less interest income. The reserves are held by the Office of the Treasurer of the State, which credits MHF with income on investment of reserves for the benefit of MHF.

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

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

The Multi-Family Reserve supports several programs. All existing Multi-Family insurance insures projects financed by CDA's revenue bonds and projects with Montgomery County. These programs include:

- Regular Multi-Family Program fully insures permanent mortgages originated prior to 1997 that were funded by CDA and the Housing Opportunities Commission of Montgomery County. These loans were paid in full during FY2021.
- Risk-Share Program insures both construction and permanent mortgages financed with CDA bond proceeds with credit enhancement under the Federal Housing Administration (FHA) Risk Sharing Program. As a Level I participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, CDA is responsible for reimbursing FHA up to 50% of such claim. As a Level II participant under the FHA Risk-Sharing Program, upon payment of a claim by FHA, CDA is responsible for reimbursing FHA up to 25% of such claim. MHF then reimburses CDA for its share of such losses. This is an active multi-family program.
- Special Housing Opportunity Program (SHOP) insures mortgages financed or refinanced for the acquisition, construction or rehabilitation of shared living and related facilities for the special needs population which are owned by and sponsored by nonprofit organizations. This is an active multi-family program.
- Single-Family mortgages funded through private lenders and CDA for permanent mortgages in publicly designated renewal or redevelopment areas. Insurance offered provided 100% coverage and is backed by the Multi-Family Reserve Fund. MHF continues to manage the existing portfolio but ceased issuing new insurance under this program in 1997.
- MHF Demonstration Program – Effective December 9, 2014, MHF and CDA created a demonstration program (the “MHF Demonstration Program”) whereby MHF insures short term loans (“Short Term Loans”) financed with proceeds from the sale of short term bonds (“Short Term Bonds”) issued under CDA’s multi-family Housing Revenue Bond Resolution (“HRB”). The MHF Demonstration Program is an additional cost-effective option extended to borrowers for the provision of credit enhancement for Short Term Loans financed under HRB. Eligibility for the MHF Demonstration Program is limited to projects that: (i) need to use more than 25% of its projected tax credit equity to cash collateralize a letter of credit (“LOC”) that otherwise would be delivered to secure Short Term Bonds during construction, and (ii) where the amount of the Short Term Loan (which equals the amount of the cash collateral account that would be required by a LOC provider) is greater than 25% of the projected tax credit equity. No borrower, including all related entities, may have Short Term Loans insured under the MHF Demonstration Program at any one time in excess of \$5 million. In addition, 25% of the projected amount of tax credit equity to be generated by a project must be contributed to the project at the closing of the Short Term Loan. MHF’s obligations under the MHF Demonstration Program are backed only by MHF’s Unallocated Reserve. The aggregate amount of outstanding indebtedness to be insured under the MHF Demonstration Program may not exceed \$10 million from MHF’s Unallocated Reserve at any given time. There are no loans currently insured under this program.

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

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

The Single-Family Regular Reserve insures mortgages funded by private Maryland lending institutions and CDA. These programs include:

- Single-Family Regular Insurance Program consists of mortgages originated prior to 1997. These mortgages may have had primary insurance (MHF is liable for the top 25% of the original mortgage) and/or pool insurance (MHF is liable for the bottom 75% of the original mortgage). Pool insurance coverage was limited to 10% of lendable proceeds for the aggregate of revenue bond issues (stop-loss). Effective August 1, 2010, MHF was released from any obligation to provide the pool insurance on these loans. MHF continues to provide primary insurance on these loans.
- Mortgage Protection Program consists of 30 and 40 year mortgages originated after 2005, funded with CDA bond proceeds with insurance coverage only for the top 35% of the original mortgage and up to six months of mortgage payments (limited to no more than \$2,000 per month). These mortgages maintain a fixed rate of interest for the full loan term and allow borrowers to finance a one-time mortgage insurance premium as part of the mortgage, thereby requiring no additional outlay of cash by the borrower at the closing, resulting in a lower monthly mortgage payment. MHF no longer issues new insurance under this program.
- Reinsurance Program commenced in 2011 and consists of mortgages originated between 2005 and 2010 funded with CDA bond proceeds which had mortgage insurance only for the top 35% of the original mortgage. Under the program, CDA paid a monthly premium for MHF to insure 50% of any losses incurred by CDA on the uninsured 65% of the original mortgage up to \$12.5 million. The program was set to terminate on the earliest date of MHF reaching \$12.5 million in net losses or December 31, 2020. All claims are paid from the Single Family Regular Insurance Reserve. The program terminated in May of 2014 when MHF had paid \$12.5 million in net losses.

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

- The program stimulates the flow of private mortgage capital into areas which have suffered decreasing home ownership and associated economic and social instability. These mortgages originated prior to 2005. The last of the loans in this program was paid off during FY2021.
- The Healthy Neighborhood Program provides credit enhancement to a loan program sponsored by a nonprofit corporation, which is intended to stabilize and strengthen property values in targeted areas in the City of Baltimore. MHF insures less than 3% of the outstanding loan balance under this program.

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

NOTE 1 PROGRAM DESCRIPTION (CONTINUED)

Small Business Insurance Reserve

- Business Loan Program provides insurance coverage and credit enhancement on loans originated by CDA or other eligible lenders to stimulate the flow of private capital to fund business projects located in publicly designated renewal or redevelopment areas. There are currently no loans insured under this program.

General Reserve

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Relationship with the State

MHF is one of many programs administered by DHCD and the State. Other State agencies, such as the Department of Budget and Management, support DHCD by providing services for DHCD and thus allocate a portion of their expenses to DHCD. MHF has no direct employees and is entirely supported by staff at DHCD to perform all necessary functions of MHF. Thus, MHF's accompanying financial statements are not indicative of MHF as if it were a stand-alone entity. MHF is included in the enterprise funds of the State.

Generally Accepted Accounting Principles

MHF reports its financial activities by applying Standards of Governmental Accounting and Financial Reporting as promulgated by the Governmental Accounting Standards Board (GASB). Consequently, MHF applies all applicable GASB pronouncements.

Use of Estimates

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

Cash and Cash Equivalents on Deposit

Cash and cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The investment is a U.S. government treasury zero-coupon bond carried at fair value based on quoted market prices. The investment is classified as long-term based on the maturity date.

Loans and Interest Receivable, Net of Allowance for Loans and Related Losses

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses. Based on Management's assessment, MHF has reviewed these loans and determined that collection is unlikely given the financial situation of the borrowers. A full allowance has been recorded.

Allowance for Unpaid Insurance Losses

MHF provides for estimated insurance losses under each insurance plan. The allowance for unpaid insurance losses is increased by provisions charged to current operating expenses and reduced by claim payments. The provision for possible insurance losses is based on management's review of insured properties, considering past loss experience, current economic conditions, and other environmental factors which may affect the frequency of claims and the recovery of claim costs. Actual results could differ from those estimates.

Restricted Net Position

In accordance with accounting guidance issued by the GASB, net position should be reported as restricted when constraints placed on net position use are either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or are imposed by law through constitutional provisions or enabling legislation. Accordingly, all funds and accounts whose purpose is to pay possible future claims are restricted as to their use, as is interest earned on these restricted assets. MHF first applies restricted resources when an expense is incurred for purposes for which those restricted and unrestricted net position is available.

Revenues and Expenses

Operating revenues and expenses generally result from mortgage insurance activities in connection with MHF's ongoing operations. The principal operating revenue is mortgage insurance premiums. Operating expenses include expenses relating to claims from defaulted loans and general and administrative expenses. The interest earned on reserve accounts is restricted revenue.

Premium Income Recognition

Premium income on all loans is recognized on a straight-line basis over the benefit period covered by the premiums.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General and Administrative

MHF is subject to an allocation of intradepartmental support costs of the DHCD, which are included in general and administrative in the Statements of Revenues and Expenses. Such costs could affect MHF's financial position or operating results in a manner that differs from those that might have been obtained if MHF was autonomous. MHF records these costs as invoiced by DHCD for the fiscal year. However, the allocation is subject to review and adjustment subsequent to year-end.

NOTE 3 CASH AND INVESTMENTS

Deposit with State Treasurer

MHF defines cash and cash equivalents as cash and short-term investments that are held on deposit with the State Treasurer. Cash receipts and disbursements of MHF are made through a cash pool maintained by the State Treasurer. None is uninsured and uncollateralized. MHF has on deposit with the State Treasurer both unrestricted and restricted cash and cash equivalents. MHF reports its operating account as unrestricted. MHF reserve accounts are reported as restricted.

Additional information can be obtained from the State of Maryland Annual Comprehensive Financial Report by visiting the website <https://www.marylandtaxes.gov/reports/cafr.php>.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MHF adheres to Maryland State Treasurer's policy for managing its exposure to fair value loss arising from increasing interest rates. The Maryland State Treasurer's investment policy states that to the extent possible, it will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer's Office will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. MHF's policy for reducing its exposure to credit risk is to comply with Maryland State Treasurer's policy, which requires that the Treasurer's investments in repurchase agreements be collateralized by U.S. Treasury and agency obligations. In addition, investments may be made directly in U.S. Treasuries or agency obligations.

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. MHF's policy for reducing this risk of loss is to comply with the Maryland State Treasurer's policy, which limits the amount of repurchase agreements to be invested with a particular institution to 30% of the portfolio. Otherwise, there is no limit on the amount that may be invested in any one issuer.

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, MHF will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. Investments and collateralized securities are held in trust by the trustee or the trustee agent, kept separate from the assets of the bank and from other trust accounts and are held in MHF's name.

Investment Held for Borrower

The investment consists of a U.S. government treasury zero-coupon bond carried at fair value based on quoted market prices. The investment is classified as long-term based on the maturity date.

The following asset reported at fair market value and held by MHF at June 30, 2023 and 2022 is evaluated in accordance with accounting guidance issued by the GASB for interest rate risk, credit risk, concentration of credit risk and custodial credit risk. This investment is held as collateral on a Multi-Family loan and matures on April 15, 2024.

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

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

Fair Value Measurements

MHF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Funds have the following recurring fair value measurements as of June 30, 2023:

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

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

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (continued)

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

- Pooled cash maintained by the State Treasurer of \$88,643,905 (Level 1).
- Investments held for Borrower, consisting of a U.S. government treasury zero-coupon bond of \$2,459,425 carried at fair value based on quoted market prices (Level 1).

NOTE 4 LOANS AND INTEREST RECEIVABLE, NET OF ALLOWANCE FOR LOANS AND RELATED LOSSES

Loans and interest receivable, net of allowance for loans and related losses, consist of loans made directly by MHF and loans originally made by others and subsequently assigned to MHF under the provisions of the insurance agreements plus interest receivable, net of possible losses. Based on Management's assessment, MHF has reviewed these loans and determined that collection is unlikely given the financial situation of the borrowers. A full allowance has been recorded. Mortgage loans, notes receivable, and interest receivable were as follows for the years ended June 30, 2023 and 2022:

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

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

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

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

NOTE 5 UNEARNED PREMIUMS

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

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

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

NOTE 6 NONCURRENT OBLIGATIONS

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

	2023				
	Beginning	Additions	Reductions	Ending	Amount Due
	Balance			Balance	Within
				One Year	
Compensated Absences	\$ 101,705	\$ -	\$ (15,154)	\$ 86,551	\$ 40,726
Workers' Compensation	2,000	-	-	2,000	300
Investment Held for Borrower	2,654,253	75,892	-	2,730,145	239,188
Allowance for Unpaid Insurance					
Losses	9,521,465	327,415	-	9,848,880	132,469
Total - Year Ended June 30, 2023	\$ 12,279,423	\$ 403,307	\$ (15,154)	\$ 12,667,576	\$ 412,683
	2022				
	Beginning	Additions	Reductions	Ending	Amount Due
	Balance			Balance	Within
				One Year	
Compensated Absences	\$ 103,044	\$ -	\$ (1,339)	\$ 101,705	\$ 40,532
Workers' Compensation	2,000	-	-	2,000	300
Investment Held for Borrower	2,817,699	-	(163,446)	2,654,253	194,828
Allowance for Unpaid Insurance					
Losses	9,401,772	119,693	-	9,521,465	83,993
Total - Year Ended June 30, 2022	\$ 12,324,515	\$ 119,693	\$ (164,785)	\$ 12,279,423	\$ 319,653

NOTE 7 ALLOWANCE FOR UNPAID INSURANCE LOSSES

The allowance for unpaid insurance losses is the estimated claims settlement on notices of default that has been received by MHF, as well as loan defaults that have been incurred but have not been reported by the lenders. Although current accounting guidance specifically excludes mortgage guaranty insurance from its guidance relating to the reserves for losses, MHF establishes loss reserves using the general principles contained in the insurance standard.

For insured Multi-Family program properties, MHF establishes loss reserves on a case-by-case basis when insured loans are identified as currently in default based on MHF's expected claim payment, net of estimated recovery. At June 30, 2023, MHF had no Multi-Family loans in default. As a result, MHF provides only limited loss reserves on the Multi-Family portfolio.

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

NOTE 7 ALLOWANCE FOR UNPAID INSURANCE LOSSES (CONTINUED)

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

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

Changes in allowance for unpaid insurance losses were as follows:

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

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

NOTE 8 CHANGES IN NET POSITION

Changes in restricted and unrestricted net position were as follows:

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

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

NOTE 9 COMMITMENTS AND CONTINGENCIES

Multi-Family Mortgages

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

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

As of June 30, 2023, MHF had commitments of \$15,393,566 which had not yet been drawn.

Single-Family Mortgages

All loans insured by MHF are with approved lenders and are collateralized by a first or second lien against the improved property, which must be located in the state of Maryland. The details of insured loans and commitments to insure loans as of June 30, 2023, were as follows:

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

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

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

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

NOTE 10 PENSION AND OTHER POST-RETIREMENT BENEFITS

Eligible employees of the state of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (the System) and are also entitled to certain healthcare benefits upon retirement. MHF's only obligation for retirement and post-employment benefits is its required annual contribution, which was paid in full by MHF to the state of Maryland prior to year-end. The liability for the employees is recorded by the general fund of the state of Maryland and is not allocated to MHF. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202 or by visiting the website at www.sra.maryland.gov.

NOTE 11 RELATED PARTY TRANSACTIONS

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

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APPENDIX J-2

UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE MARYLAND HOUSING FUND

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MARYLAND HOUSING FUND
INTERIM FINANCIAL STATEMENTS
September 30, 2023
(UNAUDITED)

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

	09/30/2023	06/30/23
ASSETS		
CURRENT ASSETS		
Unrestricted Current Assets:		
Deposit with State Treasurer:		
Operating Account	\$ 4,673,341	\$ 4,372,306
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses	-	-
Due From Other Funds	7,136	1,573
Other	443,653	88,425
Total Unrestricted Current Assets	5,124,130	4,462,304
Restricted Current Assets:		
Deposit with State Treasurer:		
Reserve Accounts	88,310,886	87,607,096
Total Restricted Current Assets	88,310,886	87,607,096
Total Current Assets	93,435,016	92,069,400
NONCURRENT ASSETS		
Investment Held for Borrower	2,524,057	2,490,957
Loans and Interest Receivable, Net of Allowance for Loans and Related Losses and Current Portion	-	-
Total Noncurrent Assets	2,524,057	2,490,957
Total Assets	\$ 95,959,073	\$ 94,560,357

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

	09/30/2023	06/30/2023
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,619	\$ 50,050
Accrued Compensated Absences	40,726	40,726
Accrued Workers' Compensation	300	300
Investment Held for Borrower	185,521	239,188
Unearned Premiums	626,309	494,542
Unearned Fees	12,471	12,737
Allowance for Unpaid Insurance Losses	132,469	132,469
Total Current Liabilities	1,017,415	970,012
NONCURRENT LIABILITIES		
Accrued Compensated Absences, Net of Current Portion	45,825	45,825
Accrued Workers' Compensation, Net of Current Portion	1,700	1,700
Investment Held for Borrower, Net of Current Portion	2,524,057	2,490,957
Allowance for Unpaid Insurance Losses, Net of Current Portion	10,068,223	9,716,411
Total Noncurrent Liabilities	12,639,805	12,254,893
Total Liabilities	13,657,220	13,224,905
NET POSITION		
Restricted Net Position:		
Multi-Family Reserve	53,698,739	53,698,739
Single Family Regular Reserve	13,893,666	13,893,666
Revitalization (Pilot) Reserve	2,185,258	2,185,258
Small Business Reserve	9,000,000	9,000,000
General Reserve	2,593,422	2,593,422
Unallocated Reserve	6,939,801	6,308,107
Total Restricted Net Position	88,310,886	87,679,192
Unrestricted Accumulated Deficit	(6,009,033)	(6,343,740)
Total Net Position	82,301,853	81,335,452
Total Liabilities and Net Position	\$ 95,959,073	\$ 94,560,357

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

	09/30/2023	06/30/2023
OPERATING REVENUES		
Net Premiums	\$ 213,791	\$ 859,298
Interest Income on Reserves	631,694	2,671,918
Interest Income on Loans	438	524,670
Other Income	629,885	799,009
Total Operating Revenues	1,475,808	4,854,895
OPERATING EXPENSES		
General and Administrative	167,392	1,384,846
Direct Losses on Claims	-	(66,149)
Provision (Benefit) for Insurance and Loan Losses	342,015	811,145
Total Operating Expenses	509,407	2,129,842
Operating Income (Loss) before Transfers	966,401	2,725,053
Transfer of Funds	-	
CHANGE IN NET POSITION	966,401	2,725,053
Net Position - Beginning of Year	81,335,452	78,610,399
NET POSITION - END OF YEAR	\$ 82,301,853	\$ 81,335,452

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

	09/30/2023	06/30/2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Premiums, Net	\$ (15,233)	\$ 1,184,316
Receipts from Principal and Interest on Loans	438	524,670
Changes to Provision for Insurance and Loan Losses	(342,015)	(811,145)
Receipts for Mortgage Escrows	(20,567)	75,892
Payments from Mortgage Escrows	(33,100)	(31,532)
Receipts (Payments) from Security Deposits	-	-
Receipts from Miscellaneous Fees	629,619	798,861
Payments for General and Administrative Expenses	153,989	(1,143,632)
Sale Proceeds from Acquired Property	-	-
Payments for Claims	-	66,149
Receipts from Interest Earned on Reserves	631,694	2,671,918
Transfer to State Funded Programs	-	-
Net Cash Provided by Operating Activities	\$ 1,004,825	\$ 3,335,497
NET INCREASE IN CASH	\$ 1,004,825	\$ 3,335,497
Deposit with State Treasurer, Balance - Beginning of Year	91,979,402	88,643,905
DEPOSIT WITH STATE TREASURER, BALANCE - END OF PERIOD	\$ 92,984,227	\$ 91,979,402
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Position	\$ 966,401	\$ 2,725,053
Adjustments to Reconcile Change in Net Position to Net Cash Provided by Operating Activities:		
Transfer to State Funded Programs	-	-
Effect of Changes in Operating Assets and Liabilities:		
Loans and Interest Receivable	(355,228)	(44,730)
Acquired Property	-	-
Investments and Other Assets	(53,667)	44,360
Due from DHCD	(5,563)	338,439
Accounts Payable and Other Accrued Liabilities	(30,432)	(86,200)
Security Deposits Payable	-	-
Allowance for Unpaid Insurance Losses	351,813	327,414
Unearned Premiums	131,767	31,309
Unearned Fees	(266)	(148)
Net Cash Provided by Operating Activities	\$ 1,004,825	\$ 3,335,497

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

	Restricted Net Position						Unrestricted Accumulated Deficit	Total
	Multi-Family Reserve	Single Family Regular Reserve	Revitalization (Pilot) Reserve	Business Reserve	General Reserve	Unallocated Reserve		
BALANCE AT JUNE 30, 2022	\$ 44,698,739	\$ 13,821,570	\$ 2,185,258	\$ 10,000,000	\$ 8,593,422	\$ 5,636,189	\$ (6,324,779)	\$ 78,610,399
Interest Income Allocated at the Discretion of DHCD Secretary	-	-	-	-	-	2,671,918	(2,671,918)	-
Inter-reserve Transfers	9,000,000			(1,000,000)	(6,000,000)	(2,000,000)	-	-
Transfers Out	-	-	-	-	-	-	-	-
Change in Net Position	-	72,096	-	-	-	-	2,652,957	2,725,053
BALANCE AT JUNE 30, 2023	53,698,739	13,893,666	2,185,258	9,000,000	2,593,422	6,308,107	(6,343,740)	81,335,452
Interest Income Allocated at the Discretion of DHCD Secretary	-	-	-	-	-	631,694	(631,694)	-
Inter-reserve Transfers							-	-
Transfers Out	-	-	-	-	-	-	-	-
Change in Net Position	-	-	-	-	-	-	966,401	966,401
BALANCE AT SEPTEMBER 30, 2023	\$ 53,698,739	\$ 13,893,666	\$ 2,185,258	\$ 9,000,000	\$ 2,593,422	\$ 6,939,801	\$ (6,009,033)	\$ 82,301,853

APPENDIX K

BOOK-ENTRY SYSTEM

The Depository Trust Company
A subsidiary of The Depository Trust & Clearing Corporation

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds (including the Offered Bonds). The 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 Bond certificate will be issued for each maturity of the Bonds, each 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”). DTC has a Standard & Poor’s rating of AA+. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Administration as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of interest and redemption premium, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Administration or the Trustee, on 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 Trustee, or the Administration, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of interest and redemption premium, if any, 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 will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to a Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to a Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Administration or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Administration may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The 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.

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APPENDIX L

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

LETTERHEAD OF KUTAK ROCK LLP, WASHINGTON, D.C.

[Closing Date]

Community Development Administration
Maryland Department of Housing and
Community Development
7800 Harkins Road
Lanham, MD 20706

**COMMUNITY DEVELOPMENT ADMINISTRATION
MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

**\$14,765,000
Housing Revenue Bonds
Series 2024 A (Non-AMT) (Sustainability Bonds)**

Ladies and Gentlemen:

We have acted as Bond Counsel to the Community Development Administration (the “Administration”), a unit of the Division of Development Finance of the Department of Housing and Community Development (the “Department”), a principal department of the State of Maryland (the “State”), in connection with the issuance and sale of \$14,765,000 aggregate principal amount of its Housing Revenue Bonds, Series 2024 A (the “Series 2024 A Bonds”).

The Series 2024 A Bonds are being issued under and pursuant to (1) Sections 4-101 through 4-255 of the Housing and Community Development Article of the Annotated Code of Maryland, as amended (the “Act”), (2) the resolution of the Administration adopted as of November 1, 1996, and amended and restated as of July 1, 2006, entitled “Resolution Providing for the Issuance of Housing Revenue Bonds” (the “Bond Resolution”), and (3) a Series Resolution Providing for the Issuance and Sale of Housing Revenue Bonds, Series 2024 A, adopted by the Administration as of March 1, 2024 (the “2024 A Series Resolution”). The Bond Resolution and the 2024 A Series Resolution are referred to collectively as the “Resolution.” The Director of the Administration determined, pursuant to Section 4-245(a) of the Act, that the issuance of the Series 2024 A Bonds is necessary to achieve one or more purposes of the Administration, and such determination was approved by the Secretary of the Department. Capitalized terms used in this opinion and not otherwise defined in this opinion shall have the meanings set forth in the Resolution or the Act.

Based upon the foregoing, we are of the opinion that:

- 1) Under the Constitution and laws of the State, the Act is valid and the Administration has been duly created and validly exists as a unit of the Division of Development Finance of

the Department with such political and corporate powers as set forth in the Act and with good, right and lawful authority, among other things, to carry out the Program of making Qualified Loans, to issue the Series 2024 A Bonds to provide funds therefor and to perform its obligations under the terms and conditions of the Resolution.

- 2) The Resolution has been duly adopted by the Administration and approved by the Secretary and is valid and binding upon the Administration and is enforceable in accordance with its terms.
- 3) The Series 2024 A Bonds are valid and legally binding limited obligations of the Administration secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates the valid pledge of and the valid lien which it purports to create upon the Revenues and other assets and income described in the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.
- 4) Under existing law, interest on the Series 2024 A Bonds is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code, except that no opinion is expressed as to such exclusion of interest on any Series 2024 A Bond for any period during which such Series 2024 A Bond is held by a person who is a “substantial user” of the facilities financed with the proceeds of the Series 2024 A Bonds or a “related person” within the meaning of Section 147(a) of the Code. Furthermore, interest on the Series 2024 A Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Series 2024 A Bonds may affect the federal alternative minimum tax imposed on certain corporations.
- 5) Under existing statutes, the Series 2024 A Bonds, their transfer, the interest payable thereon, and any income derived therefrom, including any profit realized on the sale or exchange thereof, are exempt from taxation of every kind and nature whatsoever by the State of Maryland, except that no opinion is expressed with respect to any exemption from Maryland estate or inheritance taxes.

The foregoing opinion is qualified only to the extent that the enforceability of the Series 2024 A Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors’ rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion regarding any other Federal or state tax consequences with respect to the Series 2024 A Bonds. We render our opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason.

Very truly yours,

