FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

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

JUNE 30, 2004 AND 2003

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

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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development

We have audited the accompanying financial statements of the Community Development Administration Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note A, the financial statements present only the Community Development Administration Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2004 and 2003, and the changes in its net assets and cash flows, where applicable, thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Community Development Administration Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) of the Department of Housing and Community Development of the State of Maryland as of June 30, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Reznick Fedder & Silverman

Baltimore, Maryland
September 28, 2004

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

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2004 and 2003

	2004	2003
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 28,494	$ 126,004
Investments	21,763	11,772
Mortgage-backed securities	137	220
Multi-family mortgage loans	3,181	4,417
Accrued interest and other receivables	2,341	2,952
Total restricted current assets	55,916	145,365
Restricted long-term assets		
Investments, net of current portion	21,020	23,021
Mortgage-backed securities, net of current portion	16,607	27,674
Multi-family mortgage loans, net of current portion	179,137	227,260
Deferred bond issuance costs	1,627	2,806
Total restricted long-term assets	218,391	280,761
Total restricted assets	$ 274,307	$ 426,126
LIABILITIES AND NET ASSETS		
Current liabilities		
Bonds payable	$ 17,620	$ 120,490
Accrued interest payable	957	1,994
Accounts payable	442	168
Rebate liability	-	75
Deposits by borrowers	7,782	8,326
Total current liabilities	26,801	131,053
Long-term liabilities		
Bonds payable, net of current portion	179,892	227,022
Rebate liability, net of current portion	574	673
Deposits by borrowers, net of current portion	9,403	12,124
Total long-term liabilities	189,869	239,819
Total liabilities	216,670	370,872
NET ASSETS		
Restricted	57,637	55,254
Total liabilities and net assets	$ 274,307	$ 426,126

See notes to financial statements

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

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

Years ended June 30, 2004 and 2003

	2004	2003
Operating revenue		
Interest on mortgage loans	$ 16,610	$ 19,939
Interest on mortgage-backed securities	1,528	1,726
(Decrease) increase in fair value of mortgage-backed securities	(1,476)	884
Interest income on investments, net of rebate	1,906	2,584
(Decrease) increase in fair value of investments, net of rebate	(1,900)	2,624
Fee income	883	388
Other operating revenue	230	239
	17,781	28,384
Operating expenses		
Interest expense on bonds	10,580	17,754
Amortization of bond issuance costs	148	106
Trustee, legal and mortgage servicing costs	145	159
Loss on early retirement of debt	759	384
Other operating expenses	124	72
	11,756	18,475
Operating income	6,025	9,909
Transfers of funds, net, as permitted by various bond indentures	(3,642)	(2,859)
CHANGE IN NET ASSETS	2,383	7,050
Net assets at beginning of year	55,254	48,204
Net assets at end of year	$ 57,637	$ 55,254

See notes to financial statements

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

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2004 and 2003

	2004	2003
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 67,128	$ 48,852
Principal and interest received on mortgage-backed securities	11,202	1,936
Escrow funds received	9,678	9,900
Escrow funds paid	(12,804)	(10,815)
Loan fees received	26	9
Other income received	230	239
Other expenses paid	(124)	(72)
Trustee, legal and mortgage servicing costs	(145)	(159)
Other reimbursements	368	-
Net cash provided by operating activities	75,559	49,890
Cash flows from investing activities		
Proceeds from maturities or sales of investments	22,987	13,376
Purchases of investments	(32,925)	(12,860)
Arbitrage rebates paid	(75)	-
Interest received on investments	1,931	2,826
Net cash (used in) provided by investing activities	(8,082)	3,342
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	25,175	102,530
Payments on bond principal	(175,076)	(49,715)
Bond issuance costs	(321)	(768)
Reimbursement of bond costs	494	255
Interest on bonds	(11,617)	(18,059)
Transfers among Funds	(3,642)	(2,859)
Net cash (used in) provided by noncapital financing activities	(164,987)	31,384
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	(97,510)	84,616
Cash and cash equivalents on deposit with trustee at beginning of year	126,004	41,388
Cash and cash equivalents on deposit with trustee at end of year	$ 28,494	$ 126,004

(continued)

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

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2004 and 2003

	2004	2003
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 6,025	$ 9,909
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease (increase) in assets		
Mortgage loans	50,216	28,673
Mortgage-backed securities	9,674	210
Accrued interest and other receivables	611	385
Increase (decrease) in liabilities		
Accounts payable	274	100
Rebate liability	(174)	434
Accrued interest payable	(1,037)	(305)
Deposits by borrowers	(3,265)	(1,020)
Amortizations		
Deferred income on loans	(880)	(379)
Investment discounts and premiums	(56)	27
Deferred bond issuance costs	148	106
Decrease (increase) in fair value of investments	2,004	(755)
Realized gains on investments sold	-	(2,228)
Decrease (increase) in fair value of mortgage-backed securities	1,476	(884)
Loan fees deferred	23	-
Arbitrage rebates paid	75	-
Loss on early retirement of debt	759	384
Interest received on investments	(1,931)	(2,826)
Interest on bonds	11,617	18,059
Net cash provided by operating activities	$ 75,559	$ 49,890

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2004 and 2003

NOTE A - AUTHORIZED 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 Article 83B Section 2-201 through 2-208) of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is set up in accordance with CDA's enabling legislation and the Resolution providing for the issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (Resolution). The Fund is an enterprise fund of the State of Maryland and uses the accrual basis of accounting.

Generally Accepted Accounting Principles

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Cash and Cash Equivalents on Deposit with Trustee

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily U.S. Treasury and agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2004 and 2003, all of CDA's cash equivalents are invested in a money market mutual fund which is more fully described in Note C.

Investments

Investments are principally governmental debt securities. Debt securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date, if exercise of the call within the next fiscal year is probable. For additional information on investments see Note C.

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. It is the intention of CDA to hold these securities to maturity or until the payoff of the related multi-family loan. Mortgage-backed securities are more fully described in Note C.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Loans

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

Allowance for Loan Losses

Substantially all the mortgage loans of the Fund are insured or guaranteed by agencies of the U.S. Government or the Maryland Housing Fund. As such, no allowance for loan losses was necessary as of June 30, 2004 and 2003.

Accrued Interest and Other Receivables

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

Deferred Bond Issuance Costs

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

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized deferred gain or loss for bonds refunded for economic purposes and original issue discounts or premiums. See Notes F, G and H for additional information.

NOTE B - 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 short-term liability. Based on the current year's reserve disbursements, CDA has estimated the short-term reserve liability. The balance of the reserves is classified as long-term. See Note J for further information on changes in long-term obligations.

Rebate Liability on Investments

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

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance, CDA determines the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2004 and 2003, all mortgage loan yields are in compliance with the Code.

Interest on Mortgage Loans and Mortgage-Backed Securities

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Income

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

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and are 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 (the System) and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note M for additional information.

Revenue and Expenses

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

Use of Estimates

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

Certain 2003 amounts have been reclassified to conform to 2004 financial statement presentation.

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

Proceeds from bonds are invested in authorized investments as defined in the Resolution until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, redeeming outstanding bonds and notes, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. government agencies, political subdivisions in the United States, bankers' acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks. All CDA accounts held in trust by the trustee are kept separate from the assets of the bank and from other trust accounts.

Cash and Cash Equivalents

As of June 30, 2004 and 2003, the Fund had $28,494 and $126,004, respectively, invested in money market mutual funds (Federated Treasury Obligations Fund and ARK U.S. Government Cash Management Corporate II Class Fund, respectively) which are classified as cash and cash equivalents. The Federated Treasury Obligations Fund invests exclusively in U.S. Treasuries and in repurchase agreements collateralized by Treasury securities and is rated AAAm by Standard & Poor's and Aaa by Moody's Investor Services. As of June 30, 2003, the ARK U.S. Government Cash Management Corporate II Class Fund invested exclusively in obligations of the U.S. government and its agencies and instrumentalities and in repurchase agreements. It was rated AAA by Standard & Poor's and Aaa by Moody's Investor Services as of June 30, 2003.

As of June 30, 2004 and 2003, the cost of these money market mutual funds approximates fair value.

(in thousands)

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

The money market mutual funds are not categorized by credit risk because they are not evidenced by securities that exist in physical or book entry form.

Investments

Obligations of the U.S. Treasury and obligations of U.S. government agencies are held in CDA's account by the trustee.

An investment agreement of $2,000 is uncollateralized. The interest rate is fixed, with a maturity of 12 years.

As of June 30, 2004, the amortized cost and fair value of the Fund's investments, by type of investment, were as follows:

	Fair Value	Amortized Cost
Obligations of the U.S. Treasury	$ 17,335	$ 14,468
Investment agreement	2,000	2,000
Obligations of U.S. government agencies	23,448	23,385
	$ 42,783	$ 39,853

As of June 30, 2003, the amortized cost and fair value of the Fund's investments, by type of investment, were as follows:

	Fair Value	Amortized Cost
Obligations of the U.S. Treasury	$ 30,911	$ 26,255
Investment agreement	2,000	2,000
Obligations of U.S. government agencies	1,882	1,604
	$ 34,793	$ 29,859

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

Mortgage-Backed Securities

All mortgage-backed securities held by CDA are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States government. GNMA securities are "fully modified pass through" mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) approved lender, as the issuer of the Guaranteed Security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities. It is the intention of CDA to hold these securities until the underlying loan is paid in full.

As of June 30, 2004, the cost and fair value of mortgage-backed securities were as follows:

Fair Value	Cost
$ 16,744	$ 15,618

As of June 30, 2003, the cost and fair value of mortgage-backed securities were as follows:

Fair Value	Cost
$ 27,894	$ 25,292

Category of Risk

Investments and mortgage-backed securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, with securities held by CDA or its agent in CDA's name.
Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department in CDA's name.

(in thousands)

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

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in CDA's name.

All investments and mortgage-backed securities of the Fund are classified as Category 1 except for a $2,000 Investment Agreement which is not categorized because it is not evidenced by securities that exist in physical or book entry form.

NOTE D - MORTGAGE LOANS

All multi-family mortgage loans outstanding are credit enhanced through the Federal Housing Administration mortgage insurance program, the Federal Home Loan Mortgage Corporation, the Maryland Housing Fund or GNMA. As of June 30, 2004, interest rates on such loans range from 5.25% to 12%, with remaining loan terms ranging from approximately 9 to 33 years. As of June 30, 2003, interest rates on such loans range from 3.7% to 14.5%, with remaining loan terms ranging from 14 months to 34 years.

NOTE E - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2004 and 2003 were as follows:

	2004	2003
Accrued mortgage loan interest	$ 1,246	$ 1,650
Escrows due from multi-family mortgagors	584	716
Accrued investment interest	511	586
	$ 2,341	$ 2,952

NOTE F - BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the applicable indentures. 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 through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series resolutions. The prescribed optional redemption prices range from 100% to 102% of the principal amount.

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

2003 Series C

The variable rate is set quarterly and is equal to the Federal Home Loan Bank (FHLB) Discount Notes Funding Costs plus ½ of 1%.

2004 Series A

The bonds were offered as Auction Rate Certificates. Auctions to set the interest rate are generally held every 28 days. The maximum rate is 12% or such higher rate as the Administration may establish with a Rating Confirmation.

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

Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 2003 Series C
Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 2004 Series A

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2004 and 2003

NOTE F - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2004 and the debt outstanding and bonds payable as of June 30, 2004:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2003	Bond Activity: New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2004	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2004
Multi-Family Housing Revenue Bonds										
1992 Series C	1/1/1992	9.05%	2033	$ 3,490	$ -	$ -	$ (3,490)	$ -	$ -	$ -
1992 Series F	5/1/1992	8.375%-9.35%	2008-2024	2,180	-	-	(2,180)	-	-	-
1993 Series A	12/1/1992	5.85%-6.625%	2004-2023	3,510	-	-	(3,510)	-	-	-
1993 Series B	12/1/1992	5.85%-6.65%	2004-2034	19,930	-	-	(19,930)	-	-	-
1993 Series C	12/1/1992	8.95%	2024	7,285	-	-	(7,285)	-	-	-
1993 Series D	3/1/1993	5.30%-6.05%	2004-2024	36,100	-	-	(36,100)	-	-	-
1993 Series E	3/1/1993	5.30%-6.05%	2004-2028	1,480	-	-	(1,480)	-	-	-
1993 Series F	3/1/1993	5.30%-6.05%	2004-2020	3,505	-	-	(3,505)	-	-	-
1993 Series G	3/1/1993	8.375%	2024	1,795	-	-	(1,795)	-	-	-
1993 Series H	8/1/1993	4.90%-5.60%	2004-2026	19,670	-	-	(19,670)	-	-	-
1993 Series I	8/1/1993	5.20%-5.60%	2007-2023	1,015	-	-	(1,015)	-	-	-
1993 Series J	8/1/1993	5.30%-5.75%	2007-2024	2,005	-	-	(2,005)	-	-	-
1993 Series K	8/1/1993	6.55%	2004	235	-	-	(235)	-	-	-
1994 Series A	2/1/1994	4.65%-5.45%	2004-2024	1,475	-	(40)	(1,435)	-	-	-
1994 Series B	2/1/1994	6.80%-7.90%	2009-2025	11,310	-	-	(11,310)	-	-	-
1994 Series C	9/1/1994	5.70%-6.75%	2004-2036	10,875	-	(150)	(10,725)	-	-	-
1994 Series D	9/1/1994	5.70%-6.65%	2004-2025	1,940	-	(55)	(1,885)	-	-	-
1994 Series E	9/1/1994	5.85%-6.85%	2004-2025	11,380	-	(250)	(11,130)	-	-	-
1995 Series A	4/1/1995	5.35%-6.70%	2004-2036	15,570	-	(155)	-	15,415	-	15,415
1995 Series B	12/1/1995	4.75%-5.80%	2004-2026	10,195	-	(250)	-	9,945	-	9,945
1995 Series C	12/1/1995	4.75%-5.80%	2004-2026	1,650	-	(35)	-	1,615	-	1,615
1995 Series D	12/1/1995	4.95%-5.90%	2004-2027	2,310	-	(50)	-	2,260	-	2,260
1998 Series A	11/1/1998	4.05%-5.15%	2004-2029	9,505	-	(240)	(2,070)	7,195	-	7,195
1998 Series B	11/1/1998	4.15%-5.25%	2004-2028	7,650	-	(245)	(7,405)	-	-	-
2001 Series A	10/1/2001	2.85%-5.10%	2004-2028	2,080	-	(70)	-	2,010	(45)	1,965
2001 Series B	10/1/2001	3.15%-5.35%	2004-2032	26,190	-	(520)	-	25,670	(831)	24,839
2002 Series A	3/1/2002	2.75%-5.40%	2004-2033	19,745	-	(380)	(10,065)	9,300	(215)	9,085
2002 Series B	3/1/2002	3.00%-5.60%	2004-2033	12,665	-	(290)	-	12,375	(416)	11,959
2003 Series A	6/19/2003	1.00%-4.45%	2004-2034	80,525	-	(3,115)	(7,795)	69,615	(2,067)	67,548
2003 Series B	6/19/2003	1.25%-4.40%	2004-2023	2,005	-	(75)	-	1,930	(69)	1,861
2003 Series C	6/19/2003	Variable Rate	2033	20,000	-	(650)	-	19,350	-	19,350
2004 Series A	3/31/2004	Variable Rate	2036	-	25,175	-	-	25,175	(700)	24,475
Total				$ 349,270	$ 25,175	$ (6,570)	$ (166,020)	$ 201,855	$ (4,343)	$ 197,512

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2004 and 2003

NOTE F - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2003 and the debt outstanding and bonds payable as of June 30, 2003:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2002	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2003	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2003
Multi-Family Housing Revenue Bonds										
1992 Series C	1/1/1992	9.05%	2033	$ 6,085	$ -	$ (40)	$ (2,555)	$ 3,490	$ -	$ 3,490
1992 Series F	5/1/1992	8.375%-9.35%	2008-2024	7,005	-	(30)	(4,795)	2,180	-	2,180
1993 Series A	12/1/1992	5.75%-6.625%	2003-2023	3,620	-	(110)	-	3,510	-	3,510
1993 Series B	12/1/1992	5.75%-6.65%	2003-2034	20,480	-	(550)	-	19,930	-	19,930
1993 Series C	12/1/1992	8.95%	2024	7,405	-	(120)	-	7,285	-	7,285
1993 Series D	3/1/1993	5.20%-6.05%	2003-2024	45,025	-	(1,715)	(7,210)	36,100	-	36,100
1993 Series E	3/1/1993	5.20%-6.05%	2003-2028	1,505	-	(25)	-	1,480	-	1,480
1993 Series F	3/1/1993	5.20%-6.05%	2003-2020	3,630	-	(125)	-	3,505	-	3,505
1993 Series G	3/1/1993	8.375%	2024	1,825	-	(30)	-	1,795	-	1,795
1993 Series H	8/1/1993	4.80%-5.60%	2003-2026	20,190	-	(520)	-	19,670	-	19,670
1993 Series I	8/1/1993	4.70%-5.60%	2003-2023	1,130	-	(35)	(80)	1,015	-	1,015
1993 Series J	8/1/1993	4.80%-5.75%	2003-2024	2,055	-	(50)	-	2,005	-	2,005
1993 Series K	8/1/1993	6.55%	2004	455	-	(220)	-	235	-	235
1994 Series A	2/1/1994	4.65%-5.45%	2004-2024	1,515	-	(40)	-	1,475	-	1,475
1994 Series B	2/1/1994	6.80%-7.90%	2009-2025	11,515	-	(205)	-	11,310	-	11,310
1994 Series C	9/1/1994	5.60%-6.75%	2003-2036	11,020	-	(145)	-	10,875	-	10,875
1994 Series D	9/1/1994	5.60%-6.65%	2003-2025	1,990	-	(50)	-	1,940	-	1,940
1994 Series E	9/1/1994	5.75%-6.85%	2003-2025	11,615	-	(235)	-	11,380	-	11,380
1994 Series F	9/1/1994	8.45%-9.55%	2004-2026	14,105	-	(210)	(13,895)	-	-	-
1995 Series A	4/1/1995	5.25%-6.70%	2003-2036	15,715	-	(145)	-	15,570	-	15,570
1995 Series B	12/1/1995	4.65%-5.80%	2003-2026	10,435	-	(240)	-	10,195	-	10,195
1995 Series C	12/1/1995	4.65%-5.80%	2003-2026	1,685	-	(35)	-	1,650	-	1,650
1995 Series D	12/1/1995	4.85%-5.90%	2003-2027	2,355	-	(45)	-	2,310	-	2,310
1998 Series A	11/1/1998	3.95%-5.15%	2003-2029	9,740	-	(235)	-	9,505	-	9,505
1998 Series B	11/1/1998	4.05%-5.25%	2003-2028	7,890	-	(240)	-	7,650	-	7,650
2001 Series A	10/1/2001	2.50%-5.10%	2003-2028	10,860	-	(70)	(8,710)	2,080	(46)	2,034
2001 Series B	10/1/2001	2.80%-5.35%	2003-2032	32,300	-	(555)	(5,555)	26,190	(843)	25,347
2002 Series A	3/1/2002	2.00%-5.40%	2003-2033	20,360	-	(615)	-	19,745	(448)	19,297
2002 Series B	3/1/2002	2.30%-5.60%	2003-2033	12,945	-	(280)	-	12,665	(421)	12,244
2003 Series A	6/19/2003	1.00%-4.45%	2004-2034	-	80,525	-	-	80,525	-	80,525
2003 Series B	6/19/2003	1.25%-4.40%	2004-2023	-	2,005	-	-	2,005	-	2,005
2003 Series C	6/19/2003	Variable	2033	-	20,000	-	-	20,000	-	20,000
Total				$ 296,455	$ 102,530	$ (6,915)	$ (42,800)	$ 349,270	$ (1,758)	$ 347,512

(in thousands)

NOTE G - DEBT SERVICE REQUIREMENTS

As of June 30, 2004, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to year end and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note F) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

Years ended June 30,	Interest	Principal
2005	$ 7,498	$ 17,620
2006	7,227	6,140
2007	7,080	6,270
2008	6,914	6,460
2009	6,728	6,645
2010-2014	30,207	33,930
2015-2019	23,155	45,320
2020-2024	14,037	42,155
2025-2029	6,562	20,655
2030-2034	2,560	13,645
2035-2039	235	3,015
Totals	$ 112,203	$ 201,855

As of June 30, 2003, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to year end and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note F) and interest payments for each of the next five years and in five-year increments thereafter, are as follows:

Years ended June 30,	Interest	Principal
2004	$ 11,615	$ 120,490
2005	10,288	7,145
2006	10,108	7,360
2007	9,904	7,530
2008	9,673	7,810
2009 - 2013	43,936	43,300
2014 - 2018	34,584	48,820
2019 - 2023	22,365	51,575
2024 - 2028	10,539	33,215
2029 - 2033	4,193	17,280
2034 - 2038	626	4,745
Totals	$ 167,831	$ 349,270

(in thousands)

NOTE H - BOND REFUNDINGS

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds with lower cost debt. This type of transaction is commonly known as an economic refunding.

For the year ended June 30, 2004, the following table summarizes the economic refundings of the Fund:

Refunded Bonds	Refunding Bonds 2004 Series A
1994 Series A	$ 1,435
1994 Series C	10,725
1994 Series D	1,885
1994 Series E	11,130
Total issued	$ 25,175

For the year ended June 30, 2003, the following table summarizes the economic refundings of the Fund:

	Refunding Bonds		
Refunded Bonds	2003 Series A	2003 Series B	2003 Series C
1992 Series C	$ -	$ -	$ 3,490
1992 Series F	-	-	2,180
1993 Series A	3,510	-	-
1993 Series B	19,930	-	-
1993 Series C	-	-	7,285
1993 Series D	31,415	-	-
1993 Series E	1,480	-	-
1993 Series F	3,505	-	-
1993 Series G	-	-	1,795
1993 Series H	19,670	-	-
1993 Series I	1,015	-	-
1993 Series J	-	2,005	-
Subtotal	80,525	2,005	14,750
Cost of issuance	-	-	1,290
Redemption premiums	-	-	1,889
Interest payable on refunded bonds	-	-	1,198
Deposit to Debt Service Reserve Fund	-	-	873
Total issued	$ 80,525	$ 2,005	$ 20,000

(in thousands)

NOTE H - BOND REFUNDINGS (Continued)

In economic refundings, CDA defers the difference between the reacquisition price (i.e., the principal of the old debt, plus the call premiums) and the net carrying amount of the old debt (i.e., the amount due at maturity, adjusted for any unamortized premium or discount and issuance costs related to the old debt) as an offset to the new bonds on the accompanying Statements of Net Assets, in accordance with GASB Statement No. 23 *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities.* This deferral is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

The amount of the deferral and the period of amortization for the economic refundings during the year ended June 30, 2004 are included in the chart below.

Refunding Bonds Issued	Amount of Refunding Bond	Deferred Amount on Refunding	Range of Amortization Period (Months)
2004 Series A	$ 25,175	$ 702	240-384

The amount of the deferral and the period of amortization for the economic refundings during the year ended June 30, 2003 are included in the chart below.

Refunding Bonds Issued	Amount of Refunding Bond	Deferred Amount on Refunding	Range of Amortization Period (Months)
2003 Series A	$ 80,525	$ 749	239-371
2003 Series B	2,005	31	239
2003 Series C	20,000	105	252-359
Totals	$ 102,530	$ 885	

For the year ended June 30, 2004, the refunding of 1994 Series A, 1994 Series C, 1994 Series D and 1994 Series E with the proceeds of 2004 Series A reduced total debt service payments over the next 32 years by $8,514 and resulted in an economic gain of $4,925 based upon an estimated variable rate of 4.76% over the life of the bonds.

(in thousands)

NOTE H - BOND REFUNDINGS (Continued)

For the year ended June 30, 2003, the refunding of 1993 Series A, 1993 Series B, 1993 Series D, 1993 Series E, 1993 Series F, 1993 Series H, 1993 Series I and 1993 Series J with the proceeds of the 2003 Series A and 2003 Series B reduced the total debt service payments over the next 31 years by $21,406 and resulted in an economic gain of $16,197. The refunding of 1992 Series C, 1992 Series F, 1993 Series C and 1993 Series G with the proceeds of the 2003 Series C reduced the total debt service payments over the next 30 years by $8,778 and resulted in an economic gain of $7,461 based upon an estimated variable rate of 2% over the life of the bonds.

NOTE I - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), CDA has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues sold after 1981. The excess investment earnings arise due to actual investment yields earned by CDA being greater than yields permitted to be retained by CDA under the Code. The Code requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. Interest income on the Statements of Revenue, Expenses and Changes in Net Assets is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenue, Expenses and Changes in Net Assets is adjusted by the change in the estimated rebate liability due to change in fair value of investments. CDA has no rebate liability from interest income or unrealized gains on mortgage-backed securities.

Rebate liability activity for the year ended June 30, 2004 was as follows:

Rebate liability as of June 30, 2003	$	748
Change in estimated liability due to excess investment earnings		5
Change in estimated liability due to change in fair value of investments		(104)
Less - payments made		(75)
Rebate liability as of June 30, 2004	$	574

(in thousands)

NOTE I - REBATE LIABILITY (Continued)

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	7
Estimated liability due to change in fair value of investments		567
Rebate liability as of June 30, 2004	$	574

Rebate liability activity for the year ended June 30, 2003 was as follows:

Rebate liability as of June 30, 2002	$	314
Change in estimated liability due to excess investment earnings		75
Change in estimated liability due to change in fair value of investments		359
Rebate liability as of June 30, 2003	$	748

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	75
Estimated liability due to change in fair value of investments		673
Rebate liability as of June 30, 2003	$	748

NOTE J - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2004 were as follows:

	Beginning balance	Additions	Reductions	Change in deferred amounts on refundings	Less due within one year	Ending balance
Long-term bonds payable	$ 227,022	$ 25,175	$ (52,100)	$ (2,585)	$ (17,620)	$ 179,892
Rebate liability	673	5	(104)	-	-	574
Deposits by borrowers	12,124	9,698	(4,637)	-	(7,782)	9,403
Total long-term liabilities	$ 239,819	$ 34,878	$ (56,841)	$ (2,585)	$ (25,402)	$ 189,869

(in thousands)

NOTE J - LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations for the year ended June 30, 2003 were as follows:

	Beginning balance	Additions	Reductions	Change in deferred amounts on refundings	Less due within one year	Ending balance
Long-term bonds payable	$ 286,970	$ 102,530	$ (40,230)	$ (1,758)	$ (120,490)	$ 227,022
Rebate liability	314	434	-	-	(75)	673
Deposits by borrowers	-	31,265	(10,815)		(8,326)	12,124
Total long-term liabilities	$ 287,284	$ 134,229	$ (51,045)	$ (1,758)	$ (128,891)	$ 239,819

NOTE K - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) are restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Resolution to meet the obligations of CDA in current and future years.

During the years ended June 30, 2004 and 2003, the Fund transferred the following amounts, as permitted among Funds:

	2004	2003
Excess revenue transferred to the General Bond Reserve Fund	$ (2,100)	$ (2,099)
Multi-family financing fees transferred to the General Bond Reserve Fund	(23)	-
Transfer surplus funds to the Housing Revenue Bonds for loan originations	(830)	-
Transfer to separate account in accordance with HUD agreement	(689)	(760)
	$ (3,642)	$ (2,859)

(in thousands)

NOTE L - MORTGAGE INSURANCE

All of CDA's mortgage loans have mortgage insurance as described in Note D.

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

NOTE M - PENSION AND OTHER POST-RETIREMENT BENEFITS

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

NOTE N - SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2004, the following bond activity took place:

On July 28, 2004, CDA redeemed the following bonds:

2003 Series A	$ 1,610

On September 10, 2004, CDA redeemed the following bonds:

2001 Series B	$ 10,005

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

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

June 30, 2004 and 2003

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

For investments held by CDA as of June 30, 2004, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and amortized cost:

Cumulative FY 1996 and prior periods	$	1,972
FY 1997		415
FY 1998		3,431
FY 1999		(2,009)
FY 2000		(154)
FY 2001		1,192
FY 2002		(668)
FY 2003		755
FY 2004		(2,004)
Cumulative total	$	2,930

Reconciliation to the Statements of Revenue, Expenses and Change in Net Assets:

Decrease in fair value of investments held at June 30, 2004	$	(2,004)
Adjustment due to change in rebate liability (See Note I)		104
Decrease in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2004	$	(1,900)

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

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

June 30, 2004 and 2003

For investments held by CDA as of June 30, 2003, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and amortized cost:

Cumulative FY 1996 and prior periods	$	1,972
FY 1997		415
FY 1998		3,431
FY 1999		(2,009)
FY 2000		(154)
FY 2001		1,192
FY 2002		(668)
FY 2003		755
Cumulative total	$	4,934

Reconciliation to the Statements of Revenue, Expenses and Change in Net Assets:

Increase in fair value of investments held at June 30, 2003	$	755
Realized gains on investments sold		2,228
Adjustment due to change in rebate liability (See Note I)		(359)
Increase in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2003	$	2,624

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

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

June 30, 2004 and 2003

For mortgage-backed securities held by CDA as of June 30, 2004, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and cost:

FY 2000	$	(452)
FY 2001		1,358
FY 2002		812
FY 2003		884
FY 2004		(1,476)
Cumulative total	$	1,126

For mortgage-backed securities held by CDA as of June 30, 2003, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and cost:

FY 2000	$	(452)
FY 2001		1,358
FY 2002		812
FY 2003		884
Cumulative total	$	2,602