FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
HOUSING REVENUE BONDS

JUNE 30, 2003 AND 2002

Community Development Administration
Housing Revenue Bonds

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Reznick Fedder & Silverman
Certified Public Accountants • A Professional Corporation

Two Hopkins Plaza, Suite 2100
Baltimore, MD 21201
410-783-4900 Phone
410-727-0460 Fax
www.rfs.com

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 Housing Revenue Bonds (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the year ended June 30, 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 audit. The financial statements of the Fund as of and for the year ended June 30, 2002, were audited by other auditors whose report, dated September 30, 2002, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

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

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of the Community Development Administration Housing Revenue Bonds of the Department of Housing and Community Development of the State of Maryland as of June 30, 2003, and the changes in its net assets and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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Our audit was 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 audit of the basic financial statements and, accordingly, we express no opinion on it.

Reznick Fedder & Silverman

Baltimore, Maryland
September 26, 2003

Community Development Administration
Housing Revenue Bonds

BALANCE SHEETS
(in thousands)

June 30, 2003 and 2002

	2003	2002
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 54,903	$ 49,211
Investments	17,040	23,402
Mortgage-backed securities	896	665
Mortgage loans, net of allowance for loan losses		
Single family	46	48
Multi-family construction and permanent financing	3,166	3,090
Accrued interest and other receivables	2,518	2,290
Due from other Funds	-	10
Total restricted current assets	78,569	78,716
Restricted long-term assets		
Investments, net of current portion	30,638	20,498
Mortgage-backed securities, net of current portion	250,938	172,542
Mortgage loans, net of current portion and allowance for loan losses		
Single family	680	756
Multi-family construction and permanent financing	102,822	100,410
Deferred bond issuance costs	798	873
Total restricted long-term assets	385,876	295,079
Total restricted assets	$ 464,445	$ 373,795
LIABILITIES AND NET ASSETS		
Current liabilities		
Bonds payable	$ 8,875	$ 4,905
Accrued interest payable	10,305	8,945
Accounts payable	264	132
Deposits by borrowers	26,828	26,639
Due to other Funds	-	267
Total current liabilities	46,272	40,888
Long-term liabilities		
Bonds payable, net of current portion	379,465	317,835
Total liabilities	425,737	358,723
NET ASSETS		
Restricted	38,708	15,072
Total liabilities and net assets	$ 464,445	$ 373,795

See notes to financial statements

Community Development Administration
Housing Revenue Bonds

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

Years ended June 30, 2003 and 2002

	2003	2002
Operating revenue		
Interest on mortgage loans	$ 8,752	$ 8,673
Interest on mortgage-backed securities	12,055	8,215
Fee income	93	69
Other operating revenue	55	-
	20,955	16,957
Operating expenses		
Trustee, legal and mortgage servicing costs	67	59
Provision for loan losses	18	-
Other operating expense	133	132
	218	191
Operating income	20,737	16,766
Nonoperating revenue (expenses)		
Interest income	2,506	3,814
Interest expense on bonds	(19,630)	(16,943)
Amortization of bond issuance costs	(40)	(42)
Increase in fair value of investments	889	157
Increase in fair value of mortgage-backed securities	21,435	3,340
Loss on early retirement of debt	(13)	(1)
Total nonoperating revenues (expenses)	5,147	(9,675)
Transfers of funds, as permitted by the Resolution providing for the issuance of Housing Revenue Bonds	(2,248)	(2,427)
CHANGES IN NET ASSETS	23,636	4,664
Net assets at beginning of year	15,072	10,408
Net assets at end of year	$ 38,708	$ 15,072

See notes to financial statements

Community Development Administration
Housing Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 19,250	$ 11,767
Principal and interest received on mortgage-backed securities	12,862	8,859
Escrow funds received	7,119	6,730
Escrow funds paid	(6,865)	(5,497)
Other operating revenue received	55	-
Loan fees received	1,127	1,306
Purchase of mortgage loans	(13,999)	-
Purchase of mortgage-backed securities	(58,000)	(72,441)
Trustee, legal and mortgage servicing costs	(67)	(59)
Other operating expenses paid	(137)	(142)
Other reimbursements	115	-
Reimbursements due to General Bond Reserve Fund	(257)	257
Net cash used in operating activities	(38,797)	(49,220)
Cash flows from investing activities		
Proceeds from maturities or sales of investments	60,017	71,283
Purchases of investments	(62,910)	(86,775)
Interest received on investments	2,278	3,108
Net cash used in investing activities	(615)	(12,384)
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	74,185	86,775
Payments on bond principal	(8,585)	(4,595)
Reimbursement of bond costs	22	-
Interest on bonds	(18,270)	(15,229)
Transfers to General Bond Reserve Fund	(2,248)	(2,427)
Net cash provided by noncapital financing activities	45,104	64,524
NET INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	5,692	2,920
Cash and cash equivalents on deposit with trustee at beginning of year	49,211	46,291
Cash and cash equivalents on deposit with trustee at end of year	$ 54,903	$ 49,211

(continued)

Community Development Administration
Housing Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2003 and 2002

	2003	2002
Reconciliation of operating income to net cash used in operating activities		
Operating income	$ 20,737	$ 16,766
Adjustments to reconcile operating income to net cash used in operating activities		
Changes in assets and liabilities		
Increase in mortgage-backed securities	(57,193)	(71,797)
(Increase) decrease in mortgage loans	(2,408)	4,308
Decrease in accrued interest and other receivables	3	2
Decrease (increase) in due from other Funds	10	(10)
(Decrease) increase in due to other Funds	(267)	267
Increase (decrease) in accounts payable	132	(10)
Increase in deposits by borrowers	189	1,254
Net cash used in operating activities	$ (38,797)	$ (49,220)
Supplemental disclosures of noncash investing and noncapital financing activities		
Amortization of investment discounts and premiums	$ 4	$ 4
Increase in fair value of investments	(889)	(157)
Increase in fair value of mortgage-backed securities	(21,435)	(3,340)
Amortization of deferred bond issuance costs	40	42
Loss on early retirement of debt	13	1

See notes to financial statements

Community Development Administration
Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2003 and 2002

NOTE A - 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 Article 83B, Sections 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 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, 2003 and 2002, Housing Revenue Bonds have primarily financed multi-family 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 Housing Revenue Bonds (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)

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 normally includes 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 statements.

Cash and Cash Equivalents on Deposit with Trustee

Cash on deposit is primarily cash equivalents. 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, 2003 and 2002, 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 or investments collateralized by governmental debt securities. These 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. Investments are more fully described in 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. Any single family mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes D and I 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 and the Maryland Housing Fund. CDA has two uninsured non-amortizing multi-family loans in the Fund, totaling $720. CDA has established a loss reserve for these loans using evaluations from the Department's asset management group. Management believes the allowance established is adequate.

Accrued Interest and Other Receivables

Accrued interest and other receivables includes any outstanding claims on insured mortgage loans and interest on investments. On insured multi-family mortgage loans that are in default, CDA continues to accrue interest until receipt of a mortgage insurance claim. On insured single family loans, interest ceases to accrue after foreclosure. 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due From (To) Other Funds

Due from (to) other funds records the pending transfers of cash between funds which is primarily a result of receipts due to one fund, but received by another, as more fully described in Note 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/premiums. See Notes F and G for more information.

Deposits by Borrowers

This account consists of escrows held by CDA on behalf of multi-family housing developments. Escrows and project reserves represent amounts held by CDA for interest, insurance, real estate taxes, and reserves. CDA invests these funds and, for reserves, allows earnings to accrue to the benefit of the mortgagor.

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, 2003 and 2002, all mortgage loan yield calculations 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.

(in thousands)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Income

Multi-family financing 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. The cost of these services has been allocated to CDA's General Bond Reserve Fund. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

For the years ended June 30, 2003 and 2002, the costs for all CDA's bond programs charged to CDA's General Bond Reserve Fund were:

	2003	2002
Salaries and related costs	$ 5,473	$ 5,646
General and administrative expenses	2,350	1,977
	$ 7,823	$ 7,623

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 discussed above. See Note J for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the mortgage loans or mortgage-backed securities purchased or originated by CDA in connection with CDA's principal ongoing operations. Operating revenue arises from the collection of interest and fees on mortgage loans and mortgage-backed securities. Operating expenses are those costs incurred in the collection of this income. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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, 2003 and 2002, the Fund had $54,903 and $49,211, respectively, invested in a money market mutual fund (ARK U.S. Government Cash Management Corporate II Class Fund) which is classified as cash equivalents. This fund invests exclusively in obligations of the U.S. government and its agencies and instrumentalities and in repurchase agreements. It is rated AAA by Standard & Poor's and Aaa by Moody's Investors Services.

As of June 30, 2003 and 2002, the cost of this money market mutual fund approximates fair value.

The money market mutual fund is not categorized by credit risk because it is not evidenced by securities that exist in physical or book entry form.

(in thousands)

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

Investments

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

For repurchase agreements and guaranteed investment contracts, collateral is held by the trustee of the Fund or its agent. The agreements and contracts are at fixed interest rates, with maturities ranging from less than one year to less than three years.

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

	Fair Value	Amortized Cost
Obligations of the U.S. Treasury	$ 6,897	$ 5,537
Securities held under repurchase agreements or guaranteed investment contracts	40,781	40,781
	$ 47,678	$ 46,318

As of June 30, 2002, the amortized cost and fair value of the Fund's investments, by type of investment, was as follows:

	Fair Value	Amortized Cost
Obligations of the U.S. Treasury	$ 6,012	$ 5,541
Securities held under repurchase agreements or guaranteed investment contracts	37,888	37,888
	$ 43,900	$ 43,429

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. GNMA securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by an FHA-approved lender, as the issuer of the Guaranteed Security, to CDA. GNMA guarantees timely payment of principal of 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, 2003, the cost and fair value of mortgage-backed securities was as follows:

Fair Value	Cost
$ 251,834	$ 234,174

As of June 30, 2002, the cost and fair value of mortgage-backed securities was as follows:

Fair Value	Cost
$ 173,207	$ 176,983

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.
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.

(in thousands)

NOTE D - MORTGAGE LOANS

Substantially all the mortgage loans are secured by first liens on the related property and are credit enhanced through the FHA mortgage insurance program, the Federal Home Loan Mortgage Corporation, the Maryland Housing Fund or GNMA. As of June 30, 2003, interest rates on such loans range from 3.7% to 14.5%, with remaining loan terms from 7 years to 40 years. As of June 30, 2002, interest rates on such loans range from 3.7% to 14.5%, with remaining loan terms from 8 to 40 years.

NOTE E - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2003 and 2002 were as follows:

	2003	2002
Accrued mortgage loan interest	$ 744	$ 683
Escrows due from multi-family mortgagors	406	471
Accrued investment interest	1,201	954
Negative arbitrage due from mortgagors	167	182
	$ 2,518	$ 2,290

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 programs. These bonds do not constitute debt 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 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 redemption at the option of CDA, in whole or in part at any time after certain dates, as specified in the respective series resolutions. The prescribed redemption prices range from 100% to 102% of the principal amount. All bonds have fixed interest rates.

(in thousands)

NOTE F - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2003, 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: Redemp-tions	Debt Outstanding at June 30, 2003	Discounts/ Premiums and Other Deferred Costs	Bonds Payable at June 30, 2003
Housing Revenue Bonds										
Series 1996 A	11/01/96	4.65%-5.95%	2003-2023	$ 90,995	$ -	$ (3,725)	$ (3,705)	$ 83,565	$ -	$ 83,565
Series 1996 B	11/01/96	4.65%-5.95%	2003-2028	1,955	-	(45)	-	1,910	-	1,910
Series 1997 A	06/01/97	4.50%-6.00%	2003-2039	36,445	-	(285)	-	36,160	-	36,160
Series 1997 B	09/01/97	4.35%-5.75%	2003-2039	7,555	-	(55)	-	7,500	-	7,500
Series 1997 C	12/01/97	4.20%-5.65%	2003-2039	13,810	-	(115)	-	13,695	-	13,695
Series 1998 A	04/01/98	4.20%-5.625%	2003-2040	10,855	-	(95)	-	10,760	-	10,760
Series 1999 A	02/01/99	3.70%-5.35%	2003-2041	16,345	-	(210)	-	16,135	-	16,135
Series 1999 B	10/15/99	4.55%-6.40%	2003-2042	15,735	-	(85)	-	15,650	-	15,650
Series 1999 C	10/15/99	5.85%-6.40%	2014-2040	520	-	(5)	-	515	-	515
Series 1999 D	12/01/99	4.65%-6.35%	2003-2042	14,305	-	(260)	-	14,045	-	14,045
Series 2000 A	10/01/00	4.60%-6.10%	2003-2042	27,445	-	-	-	27,445	-	27,445
Series 2001 A	07/01/01	3.95%-5.625%	2005-2043	29,645	-	-	-	29,645	-	29,645
Series 2001 B	10/01/01	3.15%-5.45%	2004-2043	47,630	-	-	-	47,630	-	47,630
Series 2002 A	03/01/02	3.00%-5.70%	2004-2043	9,500	-	-	-	9,500	-	9,500
Series 2002 B	10/01/02	2.20%-5.05%	2005-2045	-	34,435	-	-	34,435	-	34,435
Series 2002 C	10/01/02	2.20%-5.00%	2005-2035	-	6,740	-	-	6,740	-	6,740
Series 2002 D	10/01/02	2.20%-5.00%	2005-2035	-	8,280	-	-	8,280	-	8,280
Series 2003 A	04/01/03	3.00%-5.22%	2008-2045	-	24,730	-	-	24,730	-	24,730
Totals				$ 322,740	$ 74,185	$ (4,880)	$ (3,705)	$ 388,340	$ -	$ 388,340

The following is a summary of the bond activity for the year ended June 30, 2002, and bonds payable as of June 30, 2002:

	Issue Dated	Range of Interest Rates	Range of Maturities	Debt Outstanding at June 30, 2001	Bond Activity: New Bonds Issued	Bond Activity: Scheduled Maturity Payments	Bond Activity: Redemp-tions	Debt Outstanding at June 30, 2002	Discounts/ Premiums and Other Deferred Costs	Bonds Payable at June 30, 2002
Housing Revenue Bonds										
Series 1996 A	11/01/96	4.65%-5.95%	2002-2023	$ 94,735	$ -	$ (3,590)	$ (150)	$ 90,995	$ -	$ 90,995
Series 1996 B	11/01/96	4.65%-5.95%	2002-2028	1,990	-	(35)	-	1,955	-	1,955
Series 1997 A	06/01/97	4.50%-6.00%	2002-2039	36,720	-	(275)	-	36,445	-	36,445
Series 1997 B	09/01/97	4.35%-5.75%	2002-2039	7,610	-	(55)	-	7,555	-	7,555
Series 1997 C	12/01/97	4.20%-5.65%	2002-2039	13,920	-	(110)	-	13,810	-	13,810
Series 1998 A	04/01/98	4.20%-5.625%	2002-2040	10,950	-	(95)	-	10,855	-	10,855
Series 1999 A	02/01/99	3.70%-5.35%	2002-2041	16,345	-	-	-	16,345	-	16,345
Series 1999 B	10/15/99	4.55%-6.40%	2002-2042	15,815	-	(80)	-	15,735	-	15,735
Series 1999 C	10/15/99	5.85%-6.40%	2014-2040	520	-	-	-	520	-	520
Series 1999 D	12/01/99	4.65%-6.35%	2002-2042	14,510	-	(205)	-	14,305	-	14,305
Series 2000 A	10/01/00	4.60%-6.10%	2003-2042	27,445	-	-	-	27,445	-	27,445
Series 2001 A	07/01/01	3.95%-5.625%	2005-2043	-	29,645	-	-	29,645	-	29,645
Series 2001 B	10/01/01	3.15%-5.45%	2004-2043	-	47,630	-	-	47,630	-	47,630
Series 2002 A	03/01/02	3.00%-5.70%	2004-2043	-	9,500	-	-	9,500	-	9,500
Totals				$ 240,560	$ 86,775	$ (4,445)	$ (150)	$ 322,740	$ -	$ 322,740

(in thousands)

NOTE G - DEBT SERVICE REQUIREMENTS

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) 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
2004	$ 20,756	$ 8,875
2005	20,691	5,620
2006	20,401	6,960
2007	20,066	7,580
2008	19,699	8,075
2009-2013	91,881	45,940
2014-2018	78,351	51,720
2019-2023	65,681	40,140
2024-2028	54,725	39,605
2029-2033	42,426	49,905
2034-2038	27,118	60,885
2039-2043	9,909	54,600
2044-2048	494	8,435
Total	$ 472,198	$ 388,340

(in thousands)

NOTE G - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2002, 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) 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
2003	$ 17,916	$ 4,905
2004	17,766	5,350
2005	17,499	5,970
2006	17,194	7,030
2007	16,847	7,660
2008 - 2012	78,161	41,785
2013 - 2017	65,465	49,430
2018 - 2022	52,937	33,740
2023 - 2027	43,741	31,410
2028 - 2032	34,386	36,230
2033 - 2037	22,957	45,390
2038 - 2042	8,871	46,000
2043 - 2045	403	7,840
Total	$ 394,143	$ 322,740

NOTE H - INTERFUND ACTIVITY

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

(in thousands)

NOTE H - INTERFUND ACTIVITY (Continued)

During the years ended June 30, 2003 and 2002, the Fund transferred the following amounts, as permitted to another fund:

	2003	2002
Multi-family financing fees transferred to the General Bond Reserve Fund	$ (1,123)	$ (1,302)
Excess revenue transferred to the General Bond Reserve Fund	(1,125)	(1,125)
	$ (2,248)	$ (2,427)

As of June 30, 2003, there were no interfund balances. As of June 30, 2002, interfund balances consisted of the following:

	2003	2002
Pending transfer of cash receipts due to the General Bond Reserve Fund	$ -	$ (267)
Pending transfer of cash receipts due from the General Bond Reserve Fund	-	10
	$ -	$ (257)

NOTE I - MORTGAGE INSURANCE

Substantially all 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.

Single family mortgagors pay the premiums for primary mortgage insurance. Generally, loans are insured in an amount that is at least 25% of the loan amount.

(in thousands)

NOTE J - 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 liability 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 K - SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2003, the following bond activity took place:

On July 24, 2003, CDA issued the following bonds:	
Series 2003 B	$17,660
On July 24, 2003, CDA redeemed the following bonds:	
Series 1996 A	$ 3,775
On September 4, 2003, CDA issued the following bonds:	
Series 2003 C	$ 10,735

Community Development Administration
Housing Revenue Bonds

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

June 30, 2003 and 2002
(Unaudited)

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 in the Statements of Revenue, Expenses and Changes in Net Assets.

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:

FY 1997	$	(352)
FY 1998		832
FY 1999		(407)
FY 2000		48
FY 2001		193
FY 2002		157
FY 2003		889
Cumulative total	$	1,360

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	$	(3,825)
FY 2001		(3,291)
FY 2002		3,340
FY 2003		21,435
Cumulative total	$	17,659

Community Development Administration
Housing Revenue Bonds

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

June 30, 2003 and 2002
(Unaudited)

For investments held by CDA as of June 30, 2002, 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:

FY 1997	$	(352)
FY 1998		832
FY 1999		(407)
FY 2000		48
FY 2001		193
FY 2002		157
Cumulative total	$	471

For mortgage-backed securities held by CDA as of June 30, 2002, 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	$	(3,825)
FY 2001		(3,291)
FY 2002		3,340
Cumulative total	$	(3,776)