FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY PROGRAM BONDS

JUNE 30, 2004 AND 2003

Community Development Administration
Single Family Program Bonds

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Reznick Fedder & Silverman
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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 Single Family Program 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, 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 Single Family Program 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, 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 Single Family Program Bonds 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 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 28, 2004

Community Development Administration
Single Family Program Bonds

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	$ 20,712	$ 50,406
Investments	38,117	76,050
Single family mortgage loans	12,370	16,430
Accrued interest and other receivables	13,520	18,130
Due from other Funds	915	146
Total restricted current assets	85,634	161,162
Restricted long-term assets		
Investments, net of current portion	180,495	234,386
Single family mortgage loans, net of current portion	392,995	548,712
Deferred bond issuance costs	3,851	5,818
Total restricted long-term assets	577,341	788,916
Total restricted assets	$ 662,975	$ 950,078
LIABILITIES AND NET ASSETS		
Current liabilities		
Bonds payable	$ 40,175	$ 86,375
Accrued interest payable	7,078	10,467
Accounts payable	17	-
Rebate liability	-	1,919
Total current liabilities	47,270	98,761
Long-term liabilities		
Bonds payable, net of current portion	487,914	669,177
Rebate liability, net of current portion	14,944	23,123
Total long-term liabilities	502,858	692,300
Total liabilities	550,128	791,061
NET ASSETS		
Restricted	112,847	159,017
Total liabilities and net assets	$ 662,975	$ 950,078

See notes to financial statements

Community Development Administration
Single Family Program Bonds

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	$ 33,602	$ 47,054
Interest income on investments, net of rebate	14,726	16,515
(Decrease) increase in fair value of investments, net of rebate	(9,039)	10,450
Fee income	811	1,028
Recovery of foreclosure losses	61	-
	40,161	75,047
Operating expenses		
Interest expense on bonds	34,842	46,948
Amortization of bond issuance costs	512	768
Trustee, legal and mortgage servicing costs	2,434	3,277
Loss on foreclosure claims	211	345
Loss on early retirement of debt	2,152	1,671
Other operating expenses	79	57
	40,230	53,066
Operating (loss) income	(69)	21,981
Transfers of funds, as permitted by the Certificate	(46,101)	(189)
CHANGES IN NET ASSETS	(46,170)	21,792
Net assets at beginning of year	159,017	137,225
Net assets at end of year	$ 112,847	$ 159,017

See notes to financial statements

Community Development Administration
Single Family Program Bonds

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	$ 187,264	$ 217,685
Mortgage insurance claims received	11,586	10,688
Foreclosure expenses paid	(1,507)	(1,655)
Purchase of mortgage loans	(159)	-
Trustee, legal and mortgage servicing costs	(2,416)	(3,277)
Other expenses paid	(79)	(57)
Other reimbursements	-	(3)
Net cash provided by operating activities	194,689	223,381
Cash flows from investing activities		
Proceeds from maturities or sales of investments	290,506	206,458
Purchases of investments	(216,702)	(230,442)
Arbitrage rebates paid	(2,461)	(3,388)
Interest received on investments	16,767	18,249
Net cash provided by (used in) investing activities	88,110	(9,123)
Cash flows from noncapital financing activities		
Payments on bond principal	(228,140)	(155,765)
Interest on bonds	(38,252)	(49,726)
Transfers among Funds	(46,101)	(189)
Net cash used in noncapital financing activities	(312,493)	(205,680)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	(29,694)	8,578
Cash and cash equivalents on deposit with trustee at beginning of year	50,406	41,828
Cash and cash equivalents on deposit with trustee at end of year	$ 20,712	$ 50,406

(continued)

Community Development Administration
Single Family Program Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2004 and 2003

	2004	2003
Reconciliation of operating (loss) income to net cash from operating activities		
Operating (loss) income	$ (69)	$ 21,981
Adjustments to reconcile operating (loss) income to net cash provided by operating activities		
Decrease (increase) in assets		
Mortgage loans	160,588	179,508
Accrued interest and other receivables	4,610	738
Due from other Funds	(769)	158
Increase (decrease) in liabilities		
Accounts payable	17	(2)
Rebate liability	(10,098)	7,957
Accrued interest payable	(3,389)	(2,763)
Due to other Funds	-	(3)
Amortizations		
Deferred income on loans	(811)	(1,027)
Investment discounts and premiums	234	234
Bond original issue discounts and premiums	(20)	(15)
Deferred bond issuance costs	512	768
Decrease (increase) in fair value of investments	17,786	(18,005)
Realized gains on investments sold	-	(2,684)
Arbitrage rebates paid	2,461	3,388
Loss on early retirement of debt	2,152	1,671
Interest received on investments	(16,767)	(18,249)
Interest on bonds	38,252	49,726
Net cash provided by operating activities	$ 194,689	$ 223,381

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 Single Family Program Bonds (the Fund). CDA's other Funds are not included. The Fund was established to originate or purchase single family mortgage loans.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is set up in accordance with CDA's enabling legislation and the Single Family Program General Bond Certificate (Certificate). 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 or contracts 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, if exercise of the call within the next fiscal year is probable. Investments are more fully described in Note C.

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 mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes D and K for additional information on mortgage loans and mortgage insurance, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

Approximately 99% of all the mortgage loans of the Fund are insured or guaranteed primarily 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 outstanding claims on insured mortgage loans and interest on investments. 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. However, in an economic refunding, CDA defers unamortized costs and redemption premiums as an offset to the new bonds.

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. Interfund activity is more fully described in Note J.

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 and G for additional information.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 H.

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

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

Fee Income

CDA earns single family commitment 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 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 L for additional information.

Revenue and Expenses

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

Reclassifications

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

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS

Proceeds from bonds are invested in authorized investments as defined in the Certificate until required for purchasing 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.

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

Cash and Cash Equivalents

As of June 30, 2004 and 2003, the Fund had $20,712 and $50,406, 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 Investors 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 Investors Services as of June 30, 2003.

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

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

As of June 30, 2004 and 2003, $1,500 and $3,000, respectively, were held in certificates of deposit and are classified as investments. These certificates are insured by federal depository insurance, subject to maximum coverage, and are collateralized by securities held by the trustee in CDA's name.

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

Collateral for the Guaranteed Investment Contract (GIC) is held by the trustee's agent. The GIC has some funds invested at a fixed rate and the remainder of the funds invested at a variable rate. The GIC expires on April 1, 2018.

(in thousands)

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

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
Certificates and other time deposits	$ 1,500	$ 1,500
Obligations of the U.S. Treasury	174,395	135,086
Guaranteed Investment Contract	42,717	42,717
	$ 218,612	$ 179,303

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
Certificates and other time deposits	$ 3,000	$ 3,000
Obligations of the U.S. Treasury	192,415	135,320
Guaranteed Investment Contract	115,021	115,021
	$ 310,436	$ 253,341

Category of Risk

Investments 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 of the Fund are classified as Category 1.

(in thousands)

NOTE D - MORTGAGE LOANS

Approximately 99% of all single family mortgage loans are secured by first liens on the related property and are credit enhanced primarily through the FHA mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs and the Maryland Housing Fund. As of June 30, 2004, interest rates on such loans range from 4.0% to 13.9%, with remaining loan terms ranging from 4 to 25 years. As of June 30, 2003, interest rates on such loans ranged from 4% to 13.9%, with remaining loan terms ranging from 6 to 29 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	$ 4,908	$ 6,132
Accrued investment interest	3,348	4,045
Claims due from mortgage insurers	5,264	7,953
	$ 13,520	$ 18,130

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 Certificate 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 certificates. The prescribed redemption prices range from 100% to 102% of the principal amount. All bonds have fixed interest rates and are tax-exempt.

Community Development Administration
Single Family Program Bonds

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	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2004	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2004
Single Family Program Bonds										
1993 Third Series	10/1/1993	4.75% - 5.30%	2004 - 2016	$ 30,405	$ -	$ (3,145)	$ (7,480)	$ 19,780	$ -	$ 19,780
1994 First Series	3/1/1994	5.30% - 5.80%	2004 - 2014	31,415	-	(3,600)	(12,280)	15,535	-	15,535
1994 Fourth Series	5/1/1994	5.75% - 6.45%	2004 - 2014	34,580	-	(2,290)	(20,110)	12,180	-	12,180
1994 Fifth Series	5/1/1994	6.75%	2026	33,890	-	-	(33,890)	-	-	-
1994 Sixth Series	12/1/1994	6.20% - 7.05%	2004 - 2017	20,310	-	-	(20,310)	-	-	-
1994 Ninth Series*	12/22/1994	5.10% - 6.15%	2004 - 2019	18,670	-	(735)	(6,665)	11,270	-	11,270
1995 First Series	3/1/1995	5.50% - 6.25%	2004 - 2017	34,480	-	(1,885)	(2,675)	29,920	-	29,920
1995 Second Series	3/1/1995	6.45% - 6.55%	2017 - 2026	22,725	-	-	(22,725)	-	-	-
1995 Third Series	6/1/1995	5.35% - 6.25%	2004 - 2027	59,090	-	(1,245)	(1,300)	56,545	-	56,545
1995 Fourth Series	10/1/1995	6.00%	2017	5,790	-	-	-	5,790	-	5,790
1995 Fifth Series	10/1/1995	5.10% - 6.20%	2004 - 2027	22,145	-	(645)	(2,910)	18,590	-	18,590
1996 Third Series	7/1/1996	5.25% - 6.25%	2004 - 2017	10,795	-	(615)	(1,790)	8,390	-	8,390
1996 Fourth Series	7/1/1996	5.40% - 6.45%	2004 - 2028	21,910	-	-	(21,910)	-	-	-
1996 Fifth Series	8/1/1996	5.00% - 5.95%	2004 - 2016	28,250	-	(1,480)	(1,375)	25,395	-	25,395
1996 Sixth Series	8/1/1996	6.20%	2022	11,035	-	-	(11,035)	-	-	-
1997 First Series	8/1/1997	4.80% - 5.60%	2004 - 2018	88,880	-	(5,475)	(6,165)	77,240	17	77,257
1999 First Series	12/1/1998	4.20% - 5.25%	2004 - 2029	22,995	-	(495)	(1,805)	20,695	-	20,695
1999 Second Series	12/1/1998	4.40% - 5.00%	2009 - 2017	53,205	-	-	-	53,205	-	53,205
1999 Third Series	12/1/1998	4.20% - 5.125%	2004 - 2021	64,420	-	(2,215)	(6,615)	55,590	-	55,590
2000 First Series	3/1/2000	4.90% - 5.80%	2004 - 2017	23,765	-	(1,440)	(1,440)	20,885	(647)	20,238
2001 First Series	3/1/2001	3.75% - 5.00%	2004 - 2017	56,785	-	(3,405)	(4,070)	49,310	(1,299)	48,011
2001 Second Series	3/1/2001	3.85% - 4.80%	2004 - 2023	14,855	-	(650)	(4,495)	9,710	(279)	9,431
2002 First Series	2/1/2002	4.45% - 4.60%	2012 - 2013	4,495	-	-	-	4,495	(106)	4,389
2002 Second Series	2/1/2002	2.80% - 5.375%	2004 - 2024	44,710	-	(1,580)	(6,195)	36,935	(1,057)	35,878
Total				$ 759,600	$ -	$ (30,900)	$ (197,240)	$ 531,460	$ (3,371)	$ 528,089

*Remarketed on November 9, 1995

Community Development Administration
Single Family Program Bonds

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
Single Family Program Bonds										
1992 First Series	3/1/1992	6.30%-6.75%	2003-2011	$ 3,445	$ -	$ -	$ (3,445)	$ -	$ -	$ -
1992 Second Series	3/1/1992	6.55%-6.95%	2003-2011	10,050	-	-	(10,050)	-	-	-
1992 Third Series*	3/26/1992	6.55%	2017	7,980	-	-	(7,980)	-	-	-
1992 Seventh Series	6/25/1992	6.45%	2012	4,630	-	-	(4,630)	-	-	-
1992 Eighth Series	6/25/1992	6.00%-6.80%	2003-2024	11,620	-	-	(11,620)	-	-	-
1993 Third Series	10/1/1993	4.65%-5.30%	2003-2016	37,630	-	(3,005)	(4,220)	30,405	-	30,405
1994 First Series	3/1/1994	5.20%-5.90%	2003-2017	41,230	-	(3,420)	(6,395)	31,415	(52)	31,363
1994 Fourth Series	5/1/1994	5.65%-6.45%	2003-2014	36,745	-	(2,165)	-	34,580	-	34,580
1994 Fifth Series	5/1/1994	5.70%-6.75%	2026	43,655	-	-	(9,765)	33,890	-	33,890
1994 Sixth Series	12/1/1994	6.10%-7.05%	2003-2017	28,070	-	(1,415)	(6,345)	20,310	-	20,310
1994 Seventh Series	12/1/1994	6.90%-7.30%	2019-2025	14,765	-	-	(14,765)	-	-	-
1994 Ninth Series**	12/22/1994	5.00%-6.15%	2003-2019	19,370	-	(700)	-	18,670	-	18,670
1995 First Series	3/1/1995	5.40%-6.25%	2003-2017	36,270	-	(1,790)	-	34,480	-	34,480
1995 Second Series	3/1/1995	6.45%-6.55%	2017-2026	32,275	-	-	(9,550)	22,725	-	22,725
1995 Third Series	6/1/1995	5.25%-6.25%	2003-2027	61,225	-	(1,180)	(955)	59,090	-	59,090
1995 Fourth Series	10/1/1995	6.00%	2017	5,790	-	-	-	5,790	-	5,790
1995 Fifth Series	10/1/1995	5.00%-6.20%	2003-2027	23,990	-	(615)	(1,230)	22,145	-	22,145
1996 Third Series	7/1/1996	5.15%-6.25%	2003-2017	11,380	-	(585)	-	10,795	-	10,795
1996 Fourth Series	7/1/1996	5.30%-6.45%	2003-2028	25,525	-	(135)	(3,480)	21,910	-	21,910
1996 Fifth Series	8/1/1996	4.90%-5.95%	2003-2016	29,660	-	(1,410)	-	28,250	-	28,250
1996 Sixth Series	8/1/1996	4.90%-6.25%	2022-2028	17,275	-	-	(6,240)	11,035	-	11,035
1997 First Series	8/1/1997	4.70%-5.60%	2003-2018	99,015	-	(5,370)	(4,765)	88,880	38	88,918
1999 First Series	12/1/1998	4.10%-5.25%	2003-2029	23,470	-	(475)	-	22,995	-	22,995
1999 Second Series	12/1/1998	4.40%-5.00%	2009-2017	53,205	-	-	-	53,205	-	53,205
1999 Third Series	12/1/1998	4.10%-5.125%	2003-2021	73,345	-	(2,120)	(6,805)	64,420	-	64,420
2000 First Series	3/1/2000	4.80%-5.80%	2003-2017	27,320	-	(1,375)	(2,180)	23,765	(723)	23,042
2001 First Series	3/1/2001	3.65%-5.00%	2003-2017	65,185	-	(3,285)	(5,115)	56,785	(1,516)	55,269
2001 Second Series	3/1/2001	3.75%-4.80%	2003-2023	17,010	-	(630)	(1,525)	14,855	(416)	14,439
2002 First Series	2/1/2002	4.45%-4.60%	2012-2013	4,495	-	-	-	4,495	(117)	4,378
2002 Second Series	2/1/2002	2.80%-5.375%	2004-2024	49,740	-	-	(5,030)	44,710	(1,262)	43,448
Total				$ 915,365	$ -	$ (29,675)	$ (126,090)	$ 759,600	$ (4,048)	$ 755,552

* Remarketed on January 14, 1993

**Remarketed on November 9, 1995

(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 five-year increments thereafter, are as follows:

Years ended June 30,	Interest	Principal
2005	$ 27,990	$ 40,175
2006	26,219	19,535
2007	25,277	34,965
2008	23,552	38,205
2009	21,638	36,160
2010-2014	82,575	157,815
2015-2019	40,838	123,960
2020-2024	14,495	63,355
2025-2029	2,371	17,290
Totals	$ 264,955	$ 531,460

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	$ 39,861	$ 86,375
2005	36,939	32,665
2006	35,313	34,265
2007	33,598	39,005
2008	31,632	42,490
2009-2013	126,932	189,560
2014-2018	75,592	172,170
2019-2023	34,526	110,485
2024-2028	7,560	51,225
2029-2033	71	1,360
Totals	$ 422,024	$ 759,600

(in thousands)

NOTE H - 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.

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

Rebate liability as of June 30, 2003	$	25,042
Changes in estimated liability due to excess investment earnings		1,110
Changes in estimated liability due to change in fair value of investments		(8,747)
Less - payments made		(2,461)
Rebate liability as of June 30, 2004	$	14,944

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	1,728
Estimated liability due to change in fair value of investments		13,216
Rebate liability as of June 30, 2004	$	14,944

(in thousands)

NOTE H - REBATE LIABILITY (Continued)

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

Rebate liability as of June 30, 2002	$	17,085
Changes in estimated liability due to excess investment earnings		1,106
Changes in estimated liability due to change in fair value of investments		10,239
Less - payments made		(3,388)
Rebate liability as of June 30, 2003	$	25,042

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	3,080
Estimated liability due to change in fair value of investments		21,962
Rebate liability as of June 30, 2003	$	25,042

NOTE I - 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 for issuance discounts/ premiums	Change in deferred amounts on refunding	Due within one year	Ending balance
Long-term bonds payable	$ 669,177	$ -	$ (141,765)	$ 31	$ 646	$ (40,175)	$ 487,914
Rebate liability	23,123	1,110	(9,289)	-	-	-	14,944
Total long-term liabilities	$ 692,300	$ 1,110	$ (151,054)	$ 31	$ 646	$ (40,175)	$ 502,858

(in thousands)

NOTE I - 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 for issuance discounts/ premiums	Change in deferred amounts on refunding	Due within one year	Ending balance
Long-term bonds payable	$ 876,121	$ -	$ (116,521)	$ (14)	$ (4,034)	$ (86,375)	$ 669,177
Rebate liability	16,777	11,345	(3,080)	-	-	(1,919)	23,123
Total long-term liabilities	$ 892,898	$ 11,345	$ (119,601)	$ (14)	$ (4,034)	$ (88,294)	$ 692,300

NOTE J - INTERFUND ACTIVITY

In accordance with the Certificate, net assets in Single Family Program Bonds are restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Certificate. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the Certificate to meet the obligations of the Fund 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
Cost of issuance on bonds transferred to Residential Revenue Bonds	$ (1,101)	$ (189)
Transfer surplus funds to Residential Revenue Bonds for loan originations	(45,000)	-
	$ (46,101)	$ (189)

(in thousands)

NOTE J - INTERFUND ACTIVITY (Continued)

As of June 30, 2004 and 2003, interfund balances consisted of the following:

	2004	2003
Servicer receipts for participation loans due from Residential Revenue Bonds	$ 937	$ 146
Other interfund transfer activity due to General Bond Reserve Fund	(22)	-
	$ 915	$ 146

NOTE K - MORTGAGE INSURANCE

Substantially all CDA's mortgage loans have mortgage insurance as described in Note D.

For an FHA insured loan, the primary mortgage insurance covers an amount equal to the unpaid principal amount of the loan. All other loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Single family mortgagors pay the premiums for primary mortgage insurance. For any losses not covered by primary mortgage insurance, CDA has purchased pool insurance or established specific reserves. For each series of bonds, pool insurance coverage cannot exceed 10% of the amount of proceeds of the series of bonds. MHF has issued most of the pool insurance policies.

NOTE L - 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 M - SUBSEQUENT EVENT

Subsequent to the year ended June 30, 2004, CDA redeemed 1994 Fourth Series bonds in the amount of $9,630 on September 13, 2004.

Community Development Administration
Single Family Program Bonds

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

June 30, 2004 and 2003
(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 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 the Fund 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	$	28,537
FY 1997		3,461
FY 1998		18,225
FY 1999		(14,325)
FY 2000		(1,536)
FY 2001		1,356
FY 2002		3,372
FY 2003		18,005
FY 2004		(17,786)
Cumulative total	$	39,309

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

Decrease in fair value of investments held at June 30, 2004	$	(17,786)
Adjustment due to change in rebate liability (see Note H)		8,747
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	$	(9,039)

Community Development Administration
Single Family Program Bonds

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

June 30, 2004 and 2003
(Unaudited)

For investments held by the Fund 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	$	28,537
FY 1997		3,461
FY 1998		18,225
FY 1999		(14,325)
FY 2000		(1,536)
FY 2001		1,356
FY 2002		3,372
FY 2003		18,005
Cumulative total	$	57,095

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

Increase in fair value of investments held at June 30, 2003	$	18,005
Realized gains on investments sold		2,684
Adjustment due to change in rebate liability (see Note H)		(10,239)
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	$	10,450