Reznick Group

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY PROGRAM BONDS

JUNE 30, 2008 AND 2007

Community Development Administration
Single Family Program Bonds

TABLE OF CONTENTS

Reznick Group

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INDEPENDENT AUDITORS' REPORT

Office of the Secretary
Department of Housing and Community Development

We have audited the accompanying financial statements of the Community Development Administration 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, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements present only the Community Development Administration 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, 2008 and 2007, 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.

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, 2008 and 2007, 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 Group, P.C.

Baltimore, Maryland
September 26, 2008

Community Development Administration
Single Family Program Bonds

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2008 and 2007

	2008	2007
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 7,053	$ 8,990
Investments	17,853	14,771
Single family mortgage loans	8,701	8,200
Accrued interest and other receivables	3,078	2,961
Due from other Funds	-	195
Total restricted current assets	36,685	35,117
Restricted long-term assets		
Investments, net of current portion	58,068	56,610
Single family mortgage loans, net of current portion	145,694	172,883
Deferred bond issuance costs	667	837
Total restricted long-term assets	204,429	230,330
Total restricted assets	$ 241,114	$ 265,447
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	$ 1,308	$ 1,690
Accounts payable	78	73
Rebate liability	2,032	1,165
Bonds payable	16,510	16,590
Due to other Funds	250	-
Total current liabilities	20,178	19,518
Long-term liabilities		
Rebate liability, net of current portion	5,017	5,523
Bonds payable, net of current portion	91,912	123,553
Total long-term liabilities	96,929	129,076
Total liabilities	117,107	148,594
NET ASSETS		
Restricted	124,007	116,853
Total liabilities and net assets	$ 241,114	$ 265,447

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, 2008 and 2007

	2008	2007
Operating revenue		
Interest on mortgage loans	$ 11,424	$ 13,845
Interest income on investments, net of rebate	4,069	4,871
Increase in fair value of investments, net of rebate	1,507	209
Fee income	102	191
Gain (loss) on foreclosure claims	16	(44)
	17,118	19,072
Operating expenses		
Interest expense on bonds	6,102	8,225
Professional fees and other operating expenses	755	1,005
Origination expenses	1	-
Amortization of bond issuance costs	223	251
Loss on early retirement of debt	136	1,038
	7,217	10,519
Operating income	9,901	8,553
Transfers of funds, as permitted by the Certificate	(2,747)	(15,280)
Changes in net assets	7,154	(6,727)
Net assets - restricted at beginning of year	116,853	123,580
Net assets - restricted at end of year	$ 124,007	$ 116,853

See notes to financial statements

Community Development Administration
Single Family Program Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2008 and 2007

	2008	2007
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 38,050	$ 56,409
Mortgage insurance claims received	590	1,411
Foreclosure expenses paid	(59)	(276)
Purchase of mortgage loans	(38)	(165)
Professional fees and other operating expenses	(750)	(977)
Net cash provided by operating activities	37,793	56,402
Cash flows from investing activities		
Proceeds from maturities or sales of investments	37,403	68,568
Purchases of investments	(39,635)	(57,683)
Arbitrage rebates paid	(1,165)	-
Interest received on investments	4,808	5,919
Net cash provided by investing activities	1,411	16,804
Cash flows from noncapital financing activities		
Payments on bond principal	(31,910)	(53,510)
Interest on bonds	(6,484)	(8,876)
Transfers among Funds	(2,747)	(15,280)
Net cash used in noncapital financing activities	(41,141)	(77,666)
NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	(1,937)	(4,460)
Cash and cash equivalents on deposit with trustee at beginning of year	8,990	13,450
Cash and cash equivalents on deposit with trustee at end of year	$ 7,053	$ 8,990

(continued)

Community Development Administration
Single Family Program Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2008 and 2007

	2008	2007
Reconciliation of operating income to net cash from operating activities		
Operating income	$ 9,901	$ 8,553
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease (increase) in assets		
Mortgage loans	26,810	42,779
Accrued interest and other receivables	(117)	940
Due from other Funds	195	92
(Decrease) increase in liabilities		
Accrued interest payable	(382)	(651)
Accounts payable	5	28
Rebate liability	361	573
Due to other Funds	250	-
Amortizations		
Deferred income and expense on loans	(101)	(191)
Investment discounts and premiums	157	158
Deferred bond issuance costs	223	251
Loan expenses deferred	(21)	-
Increase in fair value of investments	(2,465)	(125)
Arbitrage rebates paid	1,165	-
Loss on early retirement of debt	136	1,038
Interest received on investments	(4,808)	(5,919)
Interest on bonds	6,484	8,876
Net cash provided by operating activities	$ 37,793	$ 56,402

See notes to financial statements

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 (now in Sections 4-101 through 4-255 of the Housing and Community Development Article) of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

The accompanying financial statements only include CDA's 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is accounted for as an enterprise fund. Accordingly, the accompanying financial statements have been prepared using the accrual method of accounting and on the basis of accounting principles generally accepted in the United States of America (GAAP).

Generally Accepted Accounting Principles

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Cash and Cash Equivalents on Deposit with Trustee

Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily obligations of the U.S. Treasury and U.S. Government Agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2008 and 2007, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

Investments

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

NOTE 2 - 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 and amortized over the life of the related loans using the effective interest method. Any mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes 4 and 11 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Approximately 95% of the Fund's mortgage loans are insured or guaranteed by agencies of the U.S. Government or the Maryland Housing Fund (MHF). CDA also has secondary pool insurance for loans in the Fund. No allowance for loan losses was necessary as of June 30, 2008 and 2007. See Notes 4 and 11 for additional information.

Accrued Interest and Other Receivables

Accrued interest and other receivables include interest on loans and investments and outstanding claims on insured mortgage loans. On insured single family loans, interest ceases to accrue after foreclosure. See Note 5 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, as more fully described in Note 10.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 6 and 7 for additional information.

Rebate Liability on Investments

Regulations governing the issuance of tax-exempt debt place limitations on permitted investment yield on borrowed funds. Based on these regulations, CDA is required to periodically rebate excess earnings from investments to the United States Treasury. In addition, the liability also includes an estimate of the rebate obligation related to unrealized gains as a result of recording investments at fair value. Rebate liability is more fully described in Note 8.

Mortgage Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance and over the term of the bonds, CDA determines and maintains compliance with the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2008 and 2007, all mortgage loan yields were in compliance with the Code.

Interest on Mortgage Loans

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Income

CDA receives 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.

The employees of CDA are covered by the Maryland State Retirement and Pension System and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note 12 for additional information.

Revenue and Expenses

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

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.

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Bond proceeds and revenues from mortgages and investments are invested in authorized investments as defined in the Single Family Program Bonds 1980 General Certificate (the Certificate) and in CDA's Investment Policy until required for originating mortgage loans, funding reserves, paying bond debt service or redeeming outstanding bonds, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government Agencies, repurchase agreements, investment agreements, money market funds and certificates of deposit.

The following assets, reported at fair value and held by the Fund at June 30, 2008 and 2007, are evaluated in accordance with GASB Statement No. 40 for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2008	2007
Cash and cash equivalents:		
Federated Treasury Obligations Fund	$ 7,053	$ 8,990
Investments:		
Obligations of the U.S. Treasury	39,655	37,420
Obligations of U.S. Government Agencies	2,528	2,456
Repurchase and Investment Agreements	33,738	31,505
Total	$ 82,974	$ 80,371

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses from rising interest rates, CDA's Investment Policy requires that the maturities of the investment portfolio are scheduled to meet the cash requirements for bond debt service, projected loan originations and ongoing operations.

(in thousands)

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

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

Asset	Amortized Cost	Fair Value	Maturities (in years) Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 7,053	$ 7,053	$ 7,053	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	32,006	39,655	-	-	11,000	17,896	10,759
Obligations of U.S. Government Agencies	2,480	2,528	764	-	1,764	-	-
Repurchase agreements/ Investment agreements	33,738	33,738	-	-	33,738	-	-
Total	$ 75,277	$ 82,974	$ 7,817	$ -	$ 46,502	$ 17,896	$ 10,759

As of June 30, 2007, the amortized cost, fair value and maturities for these assets were as follows:

Asset	Amortized Cost	Fair Value	Maturities (in years) Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 8,990	$ 8,990	$ 8,990	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	32,126	37,420	-	-	979	21,004	15,437
Obligations of U.S. Government Agencies	2,518	2,456	-	740	-	1,716	-
Repurchase agreements/ Investment agreements	31,505	31,505	-	-	-	31,505	-
Total	$ 75,139	$ 80,371	$ 8,990	$ 740	$ 979	$ 54,225	$ 15,437

The Federated Treasury Obligations Fund invests primarily in repurchase agreements collateralized by Treasury securities and U.S. Treasuries. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2008 and 2007, the cost of this money market mutual fund approximated fair value.

(in thousands)

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

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Certificate requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the Certificate and CDA's Investment Policy, securities must be at a rating no lower than the rating on the bonds or, if an investment maintains only a short-term rating, a rating not less than F1/P-1; and financial institutions who are a counterparty to CDA in investment agreements must be rated at least comparable to the existing rating on CDA bonds unless counterparty ratings lower than the bond ratings are permitted and do not affect the ratings on the bonds. In addition, certain investment and repurchase agreements require counterparty ratings no less than the ratings on the bonds. As of June 30, 2008 and 2007, all counterparty ratings were at least equal to the ratings on the Fund's bonds. The ratings on Single Family Program Bonds as of June 30, 2008 and 2007 were Aa2 by Moody's Investors Service and AA by Fitch Ratings. The following table provides credit quality rating information for the investment portfolio and individual issuers, if they represent five percent or more of total investments in accordance with GASB Statement No. 40.

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

Asset	Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Treasury Obligations Fund	$ 7,053	8.50%	Aaa		Moody's
Obligations of the U.S. Treasury	39,655	47.79%		Direct U. S. Obligation	
Obligations of U.S. Government Agencies	2,528	3.05%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:				Underlying securities credit rating	
WestLB rated Aa1 by Moody's*	33,738	40.66%		Aaa	Moody's
Total	$ 82,974	100.00%			

* WestLB AG is formerly known as "Westdeutsche Landesbank Gironzentrale." This investment agreement was entered into prior to July 19, 2001 and is therefore governed by guarantor liability in accordance with the agreement reached between the German Federal Government and the European Commission (Letter of Understanding I). The current rating of Aa1 by Moody's for this investment agreement is based on such guarantor liability. As of July 19, 2005, all contracts entered into with West LB AG between July 19, 2001 and July 18, 2005 which mature after December 31, 2015, and contracts entered into after July 18, 2005 are not covered by the guarantor liability, and therefore carry West LB's current Moody's rating of A2.

(in thousands)

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

As of June 30, 2007, credit ratings and allocation by type of investments for the following assets were:

Asset		Fair Value	Percentage of total investments	Money market fund rating	Securities credit rating	Rating agency
Federated Treasury Obligations Fund	$	8,990	11.19%	Aaa		Moody's
Obligations of the U.S. Treasury		37,420	46.56%		Direct U. S. Obligation	
Obligations of U.S. Government Agencies		2,456	3.05%		Aaa	Moody's
Collateralized repurchase agreements and investment agreements:					Underlying securities credit rating	
WestLB rated Aa1 by Moody's*		31,505	39.20%		Aaa	Moody's
Total	$	80,371	100.00%			

* WestLB AG is formerly known as "Westdeutsche Landesbank Gironzentrale." This investment agreement was entered into prior to July 19, 2001 and is therefore governed by guarantor liability in accordance with the agreement reached between the German Federal Government and the European Commission (Letter of Understanding I). The current rating of Aa1 by Moody's for this investment agreement is based on such guarantor liability. As of July 19, 2005, all contracts entered into with West LB AG between July 19, 2001 and July 18, 2005 which mature after December 31, 2015, and contracts entered into after July 18, 2005 are not covered by the guarantor liability, and therefore carry West LB's current Moody's rating of A1.

The market value of the underlying collateralized securities in repurchase agreements and investment agreements is maintained at a minimum of 102 percent of the principal of and accrued interest on the invested funds by marking to market at least weekly and using an immediate under value cure provision.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank or counterparty failure, CDA will not be able to recover its deposits or the value of its collateral securities that are in the possession of an outside party. As of June 30, 2008 and 2007, the Fund's investments were not subject to custodial credit risk under GASB Statement No. 40. CDA's investments and collateralized securities are held in trust by the trustee or the trustee's agent, kept separate from the assets of the bank and from other trust accounts and are held in CDA's name.

(in thousands)

NOTE 4 - MORTGAGE LOANS

Substantially all of the Fund's mortgage loans are secured by first liens on the related property and approximately 95% of the loans are credit enhanced primarily through FHA, the Veterans Administration, or the Maryland Housing Fund (MHF). As of June 30, 2008 and 2007, interest rates on such loans range from 1.0% to 13.9% and 3.0% to 13.9%, respectively. As of June 30, 2008 and 2007, remaining loan terms ranged from approximately 1 to 34 years and 2 to 29 years, respectively.

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2008 and 2007, were as follows:

	2008	2007
Accrued mortgage loan interest	$ 1,167	$ 1,359
Accrued investment interest	1,412	1,426
Claims due from mortgage insurers	499	176
	$ 3,078	$ 2,961

NOTE 6 - BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the Certificate. 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 at par through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to optional redemption, in whole or in part at any time, after certain dates, as specified in the respective series certificates. The prescribed optional redemption premiums range from 0% to 1% 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, 2008 and 2007

NOTE 6 - BONDS PAYABLE (Continued)

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

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2007	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2008	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2008
Single Family Program Bonds										
1999 Second Series	12/01/98	4.40% - 5.00%	2009 - 2017	$ 51,255	$ -	$ -	$ (18,625)	$ 32,630	$ -	$ 32,630
1999 Third Series	12/01/98	4.50% - 5.125%	2008 - 2021	42,875	-	(6,165)	(1,450)	35,260	-	35,260
2001 First Series	03/01/01	4.15% - 5.00%	2008 - 2017	37,185	-	(3,975)	(455)	32,755	(785)	31,970
2001 Second Series	03/01/01	4.35% - 4.65%	2008 - 2023	2,140	-	(105)	(210)	1,825	(48)	1,777
2002 First Series	02/01/02	4.45% - 4.60%	2012 - 2013	4,495	-	-	(280)	4,215	(53)	4,162
2002 Second Series	02/01/02	4.50%	2024	3,355	-	-	(645)	2,710	(87)	2,623
Total				$ 141,305	$ -	$ (10,245)	$ (21,665)	$ 109,395	$ (973)	$ 108,422

The following is a summary of the bond activity for the year ended June 30, 2007, and the debt outstanding and bonds payable as of June 30, 2007:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2006	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2007	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2007
Single Family Program Bonds										
1993 Third Series	10/01/93	5.05% - 5.20%	2007 - 2009	$ 5,530	$ -	$ (3,180)	$ (2,350)	$ -	$ -	$ -
1999 First Series	12/01/98	4.40% - 5.15%	2007 - 2018	7,210	-	-	(7,210)	-	-	-
1999 Second Series	12/01/98	4.40% - 5.00%	2009 - 2017	53,205	-	-	(1,950)	51,255	-	51,255
1999 Third Series	12/01/98	4.40% - 5.125%	2007 - 2021	50,675	-	(5,500)	(2,300)	42,875	-	42,875
2001 First Series	03/01/01	4.05% - 5.00%	2007 - 2017	41,170	-	(3,820)	(165)	37,185	(925)	36,260
2001 Second Series	03/01/01	4.35% - 4.65%	2008 - 2023	3,855	-	-	(1,715)	2,140	(56)	2,084
2002 First Series	02/01/02	4.45% - 4.60%	2012 - 2013	4,495	-	-	-	4,495	(70)	4,425
2002 Second Series	02/01/02	4.05% - 5.375%	2007 - 2024	28,675	-	(1,750)	(23,570)	3,355	(111)	3,244
Total				$ 194,815	$ -	$ (14,250)	$ (39,260)	$ 141,305	$ (1,162)	$ 140,143

(in thousands)

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2008, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2008 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 6) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Years ended June 30,	Interest	Principal
2009	$ 5,115	$ 16,510
2010	4,480	13,075
2011	3,887	10,010
2012	3,428	12,485
2013	2,847	12,800
2014 - 2018	9,118	19,335
2019 - 2023	3,115	24,235
2024 - 2028	43	945
Totals	$ 32,033	$ 109,395

As of June 30, 2007, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2007 and excluding the effect of unamortized discounts/premiums and other deferred costs as shown in Note 6) and interest payments for each of the next five years and in 5-year increments thereafter, were as follows:

Years ended June 30,	Interest	Principal
2008	$ 6,577	$ 16,590
2009	5,995	12,485
2010	5,444	13,075
2011	4,852	10,010
2012	4,393	12,500
2013 - 2017	13,862	43,540
2018 - 2022	4,890	30,865
2023 - 2027	152	2,240
Totals	$ 46,165	$ 141,305

(in thousands)

NOTE 8 - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), the Fund has recorded a rebate liability for excess investment earnings in tax-exempt bonds and notes issued after 1981. The excess investment earnings arise due to actual investment yields earned by the Fund 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 years ended June 30, 2008 and 2007, was as follows:

	2008	2007
Beginning rebate liability	$ 6,688	$ 6,115
Change in estimated liability due to excess investment earnings	568	657
Change in estimated liability due to change in fair value of investments	958	(84)
Less - payments made	(1,165)	-
Ending rebate liability	$ 7,049	$ 6,688

Total rebate liability is allocated as follows:

	2008	2007
Estimated liability due to excess investment earnings	$ 2,259	$ 1,691
Estimated liability due to change in fair value of investments	4,790	3,832
Actual final rebate liability	-	1,165
Ending rebate liability	$ 7,049	$ 6,688

Community Development Administration
Single Family Program Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2008 and 2007

NOTE 9 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2008 and 2007, were as follows:

	2008	2007
Rebate liability		
Beginning balance	$ 6,688	$ 6,115
Additions	1,526	657
Reductions	(1,165)	(84)
Ending balance	7,049	6,688
Less due within one year	(2,032)	(1,165)
Total long-term rebate liability	5,017	5,523
Bonds payable		
Beginning balance	140,143	192,752
Additions	-	-
Reductions	(31,910)	(53,510)
Change in deferred amounts on refundings	189	901
Ending balance	108,422	140,143
Less due within one year	(16,510)	(16,590)
Total long-term bonds payable	91,912	123,553
Total long-term liabilities	$ 96,929	$ 129,076

(in thousands)

NOTE 10 - 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, 2008 and 2007, the Fund transferred the following amounts, as permitted, among Funds:

	2008	2007
Cost of issuance on bonds transferred to Residential Revenue Bonds	$ (2,747)	$ (8,905)
Excess revenue transferred to the General Bond Reserve Fund	-	(6,375)
	$ (2,747)	$ (15,280)

As of June 30, 2008 and 2007, due from (to) consisted of the following:

	2008	2007
Mortgage loan receipts for participation loans due from Residential Revenue Bonds	$ 132	$ 195
Mortgage loan purchase funds due to Residential Revenue Bonds	(382)	-
	$ (250)	$ 195

(in thousands)

NOTE 11 - MORTGAGE INSURANCE

Substantially all of the Fund's mortgage loans have mortgage insurance as described in Note 4. Single family mortgagors pay the premiums for primary mortgage insurance.

Approximately 34% of the loans are insured by an agency of the U.S. Government with the primary mortgage insurance covering an amount substantially equal to the unpaid principal amount of the loan. Another 61% of loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Less than 5% of all first lien loans either did not have primary mortgage insurance due to their original loan-to-value ratios of less than 75% or have cancelled primary mortgage insurance due to their outstanding balance falling below 75% of the original loan amount. 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 12 - PENSION AND OTHER POST-RETIREMENT BENEFITS

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

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2008, the following bond activity took place:

On September 2, 2008, CDA redeemed the following bonds:

1999 Second Series	$3,195
1999 Third Series	$645
2001 First Series	$90
2002 Second Series	$95

Community Development Administration
Single Family Program Bonds

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

June 30, 2008 and 2007
(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 (obligations of the U.S. Treasury and U.S. Government Agencies) held by the Fund as of June 30, 2008, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and amortized cost:

Fiscal year ended June 30,	Annual increases /decreases	Cumulative total
Cumulative FY 1996 and prior periods	$ 28,537	$ 28,537
1997	$ 3,461	$ 31,998
1998	$ 18,225	$ 50,223
1999	$ (14,325)	$ 35,898
2000	$ (1,536)	$ 34,362
2001	$ 1,356	$ 35,718
2002	$ 3,372	$ 39,090
2003	$ 18,005	$ 57,095
2004	$ (17,786)	$ 39,309
2005	$ (18,117)	$ 21,192
2006	$ (16,085)	$ 5,107
2007	$ 125	$ 5,232
2008	$ 2,465	$ 7,697

Community Development Administration
Single Family Program Bonds

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

June 30, 2008 and 2007
(Unaudited)

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

Increase in fair value of investments held at June 30, 2008	$	2,465
Adjustment due to change in rebate liability (see Note 8)		(958)
Increase in fair value of investments, net of rebate, as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2008	$	1,507

Reconciliation to the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2007:

Increase in fair value of investments held at June 30, 2007	$	125
Adjustment due to change in rebate liability (see Note 8)		84
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, 2007	$	209