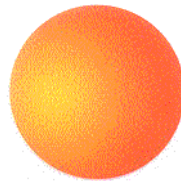




**Community Development Administration  
Multi-Family Housing Revenue  
Bond Program Fund**

**Financial statements  
As of June 30, 2001 and 2000  
Together with report of independent public accountants**





## Report of independent public accountants

To the Office of the Secretary of the  
Department of Housing and Community Development:

We have audited the accompanying balance sheets of the Community Development Administration Multi-Family Housing Revenue Bond Program Fund (the Fund) as of June 30, 2001 and 2000, and the related statements of revenues, expenses and changes in fund equity and cash flows for the years then ended. 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. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Development Administration Multi-Family Housing Revenue Bond Program Fund as of June 30, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The disclosure of change in fair value of investments and mortgage-backed securities held on June 30, 2001, presented as supplementary information on page 16, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in black ink that reads "Arthur Andersen LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland  
September 21, 2001

**Community Development Administration  
Multi-Family Housing Revenue Bond Program Fund**

**Table of contents**

<b>Balance sheets</b>	
As of June 30, 2001 and 2000.....	1
<b>Statements of revenues, expenses and changes in fund equity</b>	
For the years ended June 30, 2001 and 2000.....	2
<b>Statements of cash flows</b>	
For the years ended June 30, 2001 and 2000.....	3
<b>Notes to financial statements</b>	
June 30, 2001 and 2000.....	4
<b>Supplemental disclosure of change in fair value of investments and mortgage-backed securities (unaudited)</b>	
June 30, 2001 .....	16

**Community Development Administration  
Multi-Family Housing Revenue Bond Program Fund**

**Balance sheets  
As of June 30, 2001 and 2000  
(in thousands)**

	<b>2001</b>	<b>2000</b>
<b>Assets:</b>		
Cash on deposit with trustee	\$ 45,960	\$ 49,302
Investments	38,076	36,928
Mortgage-backed securities	29,319	28,162
Mortgage loans– Multi-family construction and permanent	266,804	271,366
Accrued interest and other receivables, net	3,528	3,578
Deferred bond issuance costs	2,661	2,775
Total assets	<b>\$ 386,348</b>	<b>\$ 392,111</b>
<b>Liabilities and fund equity:</b>		
Accrued interest payable	\$ 2,735	\$ 2,729
Accounts payable	65	66
Bonds payable	319,287	326,534
Other liabilities – principally deposits by borrowers	20,519	19,227
Total liabilities	342,606	348,556
<b>Commitments and contingencies</b>		
<b>Fund equity:</b>		
Total fund equity	43,742	43,555
Total liabilities and fund equity	<b>\$ 386,348</b>	<b>\$ 392,111</b>

The accompanying notes are an integral part of these balance sheets.

**Community Development Administration  
Multi-Family Housing Revenue Bond Program Fund**

**Statements of revenues, expenses and changes in fund equity  
For the years ended June 30, 2001 and 2000  
(in thousands)**

	<b>2001</b>	<b>2000</b>
<b>Revenues:</b>		
Interest on mortgage loans	\$ 21,911	\$ 22,945
Interest on mortgage-backed securities	2,205	2,220
Interest on investments	4,970	4,982
Other income	—	286
Loan fees	224	350
Increase (decrease) in fair value of investments	1,192	(154)
Increase (decrease) in fair value of mortgage-backed securities	<u>1,358</u>	<u>(452)</u>
Total revenues	<u>31,860</u>	<u>30,177</u>
<b>Expenses:</b>		
Interest on bonds payable	22,126	23,359
Trustee, legal and mortgage servicing costs	206	219
Amortization of bond issuance costs	102	106
Other expense	<u>31</u>	<u>24</u>
Total expenses	<u>22,465</u>	<u>23,708</u>
Income before extraordinary item	9,395	6,469
<b>Extraordinary item — loss on early extinguishment of bonds payable</b>	<u>(12)</u>	<u>(231)</u>
Net income	9,383	6,238
Transfers of funds, net, at CDA's discretion, in accordance with the General Certificate of Revenue Bond Authorization and the Certificate of General Authorization	(9,196)	(3,903)
<b>Fund equity, beginning of year</b>	<u>43,555</u>	<u>41,220</u>
<b>Fund equity, end of year</b>	<u><u>\$ 43,742</u></u>	<u><u>\$ 43,555</u></u>

The accompanying notes are an integral part of these statements.

## Community Development Administration Multi-Family Housing Revenue Bond Program Fund

### Statements of cash flows For the years ended June 30, 2001 and 2000 (in thousands)

	2001	2000
<b>Cash flows from operating activities:</b>		
Net income	\$ 9,383	\$ 6,238
Adjustments to reconcile net income to net cash provided by operating activities—		
(Increase) decrease in fair value of investments	(1,192)	154
(Increase) decrease in fair value of mortgage-backed securities	(1,358)	452
Interest on investments	(4,970)	(4,982)
Repayment of mortgage-backed securities	200	184
Repayment of mortgage loans	4,777	27,700
Decrease (increase) in accrued interest and other receivables	50	(254)
(Decrease) increase in accounts payable	(1)	38
Increase (decrease) in other liabilities	1,292	(466)
Amortization of investment premiums or discounts	44	46
Amortization of deferred loan fees	(214)	(330)
Amortization of deferred bond issuance costs	102	106
Interest expense	22,126	23,359
Transfer of deferred fees to other fund	—	(97)
Net cash provided by operating activities	30,239	52,148
<b>Cash flows from investing activities:</b>		
Purchase of investments	—	(4,320)
Interest on investments	4,970	4,982
Net cash provided by investing activities	4,970	662
<b>Cash flows from noncapital financing activities:</b>		
Principal payments	(7,540)	(31,710)
Decrease in deferred bond issuance costs due to redemption of related bonds	12	228
Interest payments	(21,827)	(23,354)
Transfers of funds	(9,196)	(3,903)
Net cash used for noncapital financing activities	(38,551)	(58,739)
<b>Net decrease in cash on deposit with trustee</b>	(3,342)	(5,929)
<b>Cash on deposit with trustee, beginning of year</b>	49,302	55,231
<b>Cash on deposit with trustee, end of year</b>	\$ 45,960	\$ 49,302

The accompanying notes are an integral part of these statements.

# **Community Development Administration Multi-Family Housing Revenue Bond Program Fund**

## **Notes to financial statements June 30, 2001 and 2000 (in thousands)**

### **1. Program description:**

The Community Development Administration (CDA) was created in 1970 by Sections 266 DD-1 to 266 DD-8 of Article 41 (now in Article 83B Section 2-201 through 2-208) of the Annotated Code of Maryland to meet the shortage of adequate, safe and sanitary housing in the State of Maryland, particularly for persons or families of limited income. CDA is in the Division of Development Finance in the Department of Housing and Community Development (DHCD) of the State of Maryland.

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

### **2. Summary of significant accounting policies:**

#### **Basis of presentation**

The Fund is set up primarily in accordance with CDA's enabling legislation and the various note and bond certificates. The Fund is an enterprise fund of the State of Maryland and uses the accrual basis of accounting.

#### **Investments**

Investments are stated at fair value, based on quoted market prices. The cost of securities sold is determined by the specific identification method.

#### **Loan fees**

Loan fees are deferred over the life of the related loans and amortized using the effective interest rate method.

#### **Bond issuance costs**

Expenses incurred in issuing bonds are capitalized and amortized on a straight-line basis over the lives of the respective bond issues.

#### **Allowance for loan losses**

Substantially all the mortgage loans of the Fund are insured or guaranteed by agencies of the U.S. government, the Maryland Housing Fund or private insurers. As such, no allowance for loan losses was necessary as of June 30, 2001 and 2000.

### **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, 2001 and 2000, the allocation to CDA's General Bond Reserve Fund was:

	<u>2001</u>	<u>2000</u>
Salaries and related costs	\$ 6,051	\$ 5,719
General and administrative expenses	<u>1,808</u>	<u>1,857</u>
	<u>\$ 7,859</u>	<u>\$ 7,576</u>

The employees of CDA are covered by the Maryland State Retirement and Pension System (the System). Additional information about the System is presented in the State of Maryland's Comprehensive Annual Financial Report and in the Consolidated Annual Report of the Maryland State Retirement and Pension Systems.

The retirement benefit cost of employees is included in the salaries and related costs allocation discussed above. This allocation includes the Funds' total liability, relating to the System, as of June 30, 2001 and 2000.

### **Use of estimates**

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

### **3. Cash, investments and mortgage-backed securities:**

Proceeds from bonds are invested in authorized investments as defined in the indenture 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 and corporations, political subdivisions of the U.S., 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

As of June 30, 2001 and 2000, the Fund had \$45,960 and \$49,302, respectively, invested in a money market mutual fund (ARK U.S. Government Cash Management Corporate II Class Fund) which is classified as cash. 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 Investor Services.

As of June 30, 2001 and 2000, 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.

## Investments

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

A guaranteed investment contract of \$2,000 is uncollateralized. The interest rate is fixed, with a maturity of 15 years.

As of June 30, 2001 and 2000, the amortized cost and fair value of the Fund's investments, by type of investment, were as follows:

	2001		2000	
	Fair value	Amortized cost	Fair value	Amortized cost
Obligations of the U.S. Treasury	\$ 36,076	\$ 31,229	\$ 34,928	\$ 31,273
Uncollateralized guaranteed investment contracts	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>\$ 38,076</u>	<u>\$ 33,229</u>	<u>\$ 36,928</u>	<u>\$ 33,273</u>

## 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. A security guaranteed by GNMA is a "fully modified pass through" mortgage-backed security which requires monthly payments by an FHA-approved lender, as the insurer of the Guaranteed Security to the registered holder of the Guaranteed Security of principal of and interest on such Guaranteed Security when due. 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, 2001 and 2000, the cost and fair value of mortgage-backed securities is as follows:

	<u>Fair Value</u>	<u>Cost</u>
2001	\$ 29,319	\$ 28,413
2000	28,162	28,614

#### **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 collateralized investments and mortgage-backed securities of the Fund are classified as Category 1.

#### **4. Mortgage loans:**

Substantially all multi-family construction and permanent financing mortgage loans outstanding are insured or credit enhanced by the Federal Housing Administration, the Maryland Housing Fund, Federal Home Loan Mortgage Corporation or GNMA. As of June 30, 2001, interest rates on such loans range from 5.6 to 12.0 percent, with remaining loan terms ranging from 3 to 36 years.

#### **5. Bonds payable:**

The bonds issued by CDA are special obligations of CDA and are payable from the revenues and special funds of the applicable programs. These bonds and notes 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 following table summarizes the outstanding debt of the Fund, as of June 30, 2001 and 2000:

#### **2001**

1985 Series B dated June 1, 1985.

\$624 capital appreciation bonds, including accreted discount of \$499, due May 15, 2017, with a yield rate of 10.375%. \$ 624

1989 Series B dated April 1, 1989.

\$45 due serially from 2002 to 2004, with interest rates of 7.30% to 7.35%; \$90 term bonds due May 15, 2009, with interest at 7.5%; \$375 term bonds due May 15, 2021, with interest at 7.625%. 510

1990 Series A dated June 1, 1990. \$840 term bonds due May 15, 2010, with interest at 7.7%; \$6,425 term bonds due May 15, 2032, with interest at 7.8%.	\$ 7,265
1990 Series B dated June 1, 1990. \$1,880 term bonds due May 15, 2022, mandatory sinking fund requirements and interest at 10.05%.	1,880
1990 Series D dated November 1, 1990. \$2,470 due serially from 2002 to 2005, with interest rates of 7.05% to 7.35%; \$3,080 term capital appreciation bonds, including \$1,732 accreted discount, due May 15, 2032 with a yield rate of 8.0%; \$4,275 term bonds due May 15, 2010, with interest at 7.55%; \$15,205 term bonds due May 15, 2020, with interest at 7.7%.	25,030
1991 Series A dated May 1, 1991. \$615 term bonds due May 15, 2011, with interest at 7.1%; \$1,405 term bonds due May 15, 2022, with interest at 7.2%.	2,020
1991 Series B dated May 1, 1991. \$175 term bonds due May 15, 2011, with interest at 7.35%; \$329 term bonds, net of \$1 unamortized discount, due May 15, 2021, with interest at 7.375%.	504
1991 Series D dated May 1, 1991. \$3,180 term bonds due May 15, 2022, with mandatory sinking fund requirements and interest at 9.75%.	3,180
1991 Series E dated August 1, 1991. \$1,680 due serially from 2002 to 2006, with interest rates of 6.45% to 6.85%; \$2,335 term bonds due May 15, 2011, with interest at 7.0%; \$6,005 term bonds due May 15, 2028, with interest at 7.1%.	10,020
1991 Series G dated August 1, 1991. \$170 term bonds due May 15, 2006, with interest at 6.85%; \$255 term bonds due May 15, 2011, with interest at 7.0%; \$840 term bonds due May 15, 2023, with interest at 7.1%.	1,265
1991 Series H dated August 1, 1991. \$4,765 term bonds due May 15, 2033, with interest at 9.6%.	4,765
1992 Series A dated January 1, 1992. \$805 due serially from 2002 to 2005, with interest rates of 6.1% to 6.4%; \$2,030 term bonds due May 15, 2012, with interest at 6.7%; \$10,295 term bonds due May 15, 2033, with interest at 6.85%.	13,130
1992 Series B dated January 1, 1992. \$45 term bonds due May 15, 2002, with interest at 5.9%; \$210 term bonds due May 15, 2006, with interest at 6.25%; \$420 term bonds due May 15, 2012, with interest at 6.5%; \$1,045 term bonds due May 15, 2022, with interest at 6.625%.	1,720
1992 Series C dated January 1, 1992. \$6,145 term bonds due May 15, 2033, with interest at 9.05%.	6,145
1992 Series D dated May 1, 1992. \$735 due serially from 2002 to 2005, with interest rates of 6.1% to 6.35%; \$1,830 term bonds due May 15, 2012, with interest at 6.6%; \$8,225 term bonds due May 15, 2027, with interest at 6.7%.	10,790
1992 Series E dated May 1, 1992. \$55 due serially from 2002 to 2005, with interest rates of 6.1% to 6.35%; \$60 term bonds due May 15, 2009, with interest at 6.6%; \$1,000 term bonds due May 15, 2033, with interest at 6.75%.	1,115

1992 Series F dated May 1, 1992. \$730 term bonds due May 15, 2008, with mandatory sinking fund requirements and interest at 8.375%; \$995 term bonds due May 15, 2012, with interest at 8.75%; \$5,360 term bonds due May 15, 2024, with interest at 9.35%.	\$ 7,085
1992 Series G dated July 1, 1992. \$7,175 term bonds due May 15, 2019, with interest at 6.55%.	7,175
1993 Series A dated December 1, 1992. \$465 due serially from 2002 to 2005, with interest rates of 5.65% to 5.95%; \$1,345 term bonds due May 15, 2013, with interest at 6.5%; \$1,920 term bonds due May 15, 2023, with interest at 6.625%.	3,730
1993 Series B dated December 1, 1992. \$2,300 due serially from 2002 to 2005, with interest rates of 5.65% to 5.95%; \$6,665 term bonds due May 15, 2013, with interest at 6.5%; \$10,250 term bonds due May 15, 2023, with interest at 6.625%; \$1,970 term bonds due May 15, 2034, with interest at 6.65%.	21,185
1993 Series C dated December 1, 1992. \$7,510 term bonds due May 15, 2024, with interest at 8.95%.	7,510
1993 Series D dated March 1, 1993. \$11,160 due serially from 2002 to 2007, with interest rates of 5.1% to 5.6%; \$15,530 term bonds due May 15, 2013, with interest at 5.95%; \$19,970 term bonds due May 15, 2024, with interest at 6.05%.	46,660
1993 Series E dated March 1, 1993. \$165 due serially from 2002 to 2007, with interest rates of 5.1% to 5.6%; \$240 term bonds due May 15, 2013, with interest at 5.95%; \$640 term bonds due May 15, 2023, with interest at 6.05%; \$485 term bonds due May 15, 2028, with interest at 6.05%.	1,530
1993 Series F dated March 1, 1993. \$780 due serially from 2002 to 2007, with interest rates of 5.1% to 5.6%; \$1,095 term bonds due May 15, 2013, with interest at 5.95%; \$1,865 term bonds due May 15, 2020, with interest at 6.05%.	3,740
1993 Series G dated March 1, 1993. \$1,855 term bonds due May 15, 2024, with interest at 8.375%.	1,855
1993 Series H dated August 1, 1993. \$3,345 due serially from 2002 to 2007, with interest rates of 4.7% to 5.20%; \$4,525 term bonds due May 15, 2013, with interest at 5.45%; \$12,815 term bonds due May 15, 2026, with interest at 5.60%.	20,685
1993 Series I dated August 1, 1993. \$35 term bonds due May 15, 2002, with interest at 4.70%; \$190 term bonds due May 15, 2007, with interest at 5.20%; \$310 term bonds due May 15, 2013, with interest at 5.45%; \$680 term bonds due May 15, 2023, with interest at 5.60%.	1,215
1993 Series J dated August 1, 1993. \$50 term bonds due May 15, 2002, with interest at 4.80%; \$275 term bonds due May 15, 2007, with interest at 5.30%; \$450 term bonds due May 15, 2013, with interest at 5.60%; \$1,330 term bonds due May 15, 2024, with interest at 5.75%.	2,105
1993 Series K dated August 1, 1993. \$669 term bonds, net of unamortized discount of \$1, due May 15, 2004, with interest at 6.55%.	669

1994 Series A dated February 1, 1994. \$115 term bonds due May 15, 2004, with interest at 4.65%; \$230 term bonds due May 15, 2009, with interest at 5.15%; \$300 term bonds due May 15, 2014, with interest at 5.35%; \$905 term bonds due May 15, 2024, with interest at 5.45%.	\$ 1,550
1994 Series B dated February 1, 1994. \$1,975 term bonds due May 15, 2009, with interest at 6.80%; \$9,735 term bonds due May 15, 2025, with interest at 7.90%.	11,710
1994 Series C dated September 1, 1994. \$1,130 due serially from 2002 to 2008, with interest rates of 5.5% to 6.15%; \$1,435 term bonds due May 15, 2014, with interest at 6.5%; \$4,590 term bonds due May 15, 2025, with interest at 6.65%; \$4,000 term bonds due May 15, 2036, with interest at 6.75%.	11,155
1994 Series D dated September 1, 1994. \$395 due serially from 2002 to 2008, with interest rates of 5.5% to 6.15%; \$415 term bonds due May 15, 2014, with interest at 6.5%; \$1,305 term bonds due May 15, 2025, with interest at 6.65%.	2,115
1994 Series E dated September 1, 1994. \$1,845 due serially from 2002 to 2008, with interest rates of 5.65% to 6.3%; \$2,350 term bonds due May 15, 2014, with interest at 6.7%; \$7,640 term bonds due May 15, 2025, with interest at 6.85%.	11,835
1994 Series F dated September 1, 1994. \$630 term bonds due May 15, 2004, with interest at 8.45%; \$1,860 term bonds due May 15, 2010, with interest at 9.10%; \$2,495 term bonds due May 15, 2015, with interest at 9.30%; \$4,620 term bonds due May 15, 2021, with interest at 9.45%; \$4,695 term bonds due May 15, 2026, with interest at 9.55%.	14,300
1995 Series A dated April 1, 1995. \$1,550 due serially from 2002 to 2010, with interest rates of 5.15% to 5.90%; \$1,275 term bonds due May 15, 2015, with interest at 6.30%; \$2,150 term bonds due May 15, 2021, with interest at 6.50%; \$1,965 term bonds due May 15, 2025, with interest at 6.55%; \$8,915 term bonds due May 15, 2036, with interest at 6.7%.	15,855
1995 Series B dated December 1, 1995. \$1,860 due serially from 2002 to 2008, with interest rates of 4.55% to 5.3%; \$2,665 term bonds due May 15, 2015, with interest at 5.65%; \$6,145 term bonds due May 15, 2026, with interest at 5.8%.	10,670
1995 Series C dated December 1, 1995. \$260 due serially from 2002 to 2008, with interest rates of 4.55% to 5.3%; \$375 term bonds due May 15, 2015, with interest at 5.65%; \$1,085 term bonds due May 15, 2026, with interest at 5.8%.	1,720
1995 Series D dated December 1, 1995. \$355 due serially from 2002 to 2008, with interest rates of 4.75% to 5.5%; \$510 term bonds due May 15, 2015, with interest at 5.8%; \$1,535 term bonds due May 15, 2027, with interest at 5.9%.	2,400
1998 Series A dated November 1, 1998. \$4,260 due serially from 2002 to 2013, with interest rates of 3.85% to 4.85%; \$2,540 term bonds due May 15, 2018, with interest at 5.05%; \$5,930 term bonds due May 15, 2029, with interest at 5.15%.	12,730
1998 Series B dated November 1, 1998. \$2,120 due serially from 2002 to 2009, with interest rates of 3.95% to 4.55%; \$3,345 term bonds due May 15, 2018, with interest at 5.15%; \$2,675 term bonds due May 15, 2028, with interest at 5.25%.	8,140
Total	<u>\$ 319,287</u>

**2000**

1985 Series B dated June 1, 1985. \$563 capital appreciation bonds, including accreted discount of \$439, due May 15, 2017, with a yield rate of 10.375%.	\$	563
1989 Series B dated April 1, 1989. \$55 due serially from 2001 to 2004, with interest rates of 7.30% to 7.35%; \$90 term bonds due May 15, 2009, with interest at 7.5%; \$375 term bonds due May 15, 2021, with interest at 7.625%.		520
1990 Series A dated June 1, 1990. \$905 term bonds due May 15, 2010, with interest at 7.7%; \$6,425 term bonds due May 15, 2032, with interest at 7.8%.		7,330
1990 Series B dated June 1, 1990. \$1,905 term bonds due May 15, 2022, mandatory sinking fund requirements and interest at 10.05%.		1,905
1990 Series D dated November 1, 1990. \$2,990 due serially from 2001 to 2005, with interest rates of 6.95% to 7.35%; \$2,848 term capital appreciation bonds, including \$1,499 accreted discount, due May 15, 2032 with a yield rate of 8.0%; \$4,275 term bonds due May 15, 2010, with interest at 7.55%; \$15,205 term bonds due May 15, 2020, with interest at 7.7%.		25,318
1991 Series A dated May 1, 1991. \$40 due serially to 2001, with an interest rate of 6.5%; \$615 term bonds due May 15, 2011, with interest at 7.1%; \$1,405 term bonds due May 15, 2022, with interest at 7.2%.		2,060
1991 Series B dated May 1, 1991. \$175 term bonds due May 15, 2011, with interest at 7.35%; \$329 term bonds, net of \$1 unamortized discount, due May 15, 2021, with interest at 7.375%.		504
1991 Series D dated May 1, 1991. \$3,230 term bonds due May 15, 2022, with mandatory sinking fund requirements and interest at 9.75%.		3,230
1991 Series E dated August 1, 1991. \$1,955 due serially from 2001 to 2006, with interest rates of 6.35% to 6.85%; \$2,335 term bonds due May 15, 2011, with interest at 7%; \$6,005 term bonds due May 15, 2028, with interest at 7.1%.		10,295
1991 Series G dated August 1, 1991. \$30 term bonds due May 15, 2001, with interest at 6.35%; \$170 term bonds due May 15, 2006, with interest at 6.85%; \$255 term bonds due May 15, 2011, with interest at 7.0%; \$840 term bonds due May 15, 2023, with interest at 7.1%.		1,295
1991 Series H dated August 1, 1991. \$4,790 term bonds due May 15, 2033, with interest at 9.6%.		4,790
1992 Series A dated January 1, 1992. \$980 due serially from 2001 to 2005, with interest rates of 6.0% to 6.4%; \$2,030 term bonds due May 15, 2012, with interest at 6.7%; \$10,295 term bonds due May 15, 2033, with interest at 6.85%.		13,305
1992 Series B dated January 1, 1992. \$85 term bonds due May 15, 2002, with interest at 5.9%; \$210 term bonds due May 15, 2006, with interest at 6.25%; \$420 term bonds due May 15, 2012, with interest at 6.5%; \$1,100 term bonds due May 15, 2022, with interest at 6.625%.		1,815

1992 Series C dated January 1, 1992. \$6,200 term bonds due May 15, 2033, with interest at 9.05%.	\$ 6,200
1992 Series D dated May 1, 1992. \$895 due serially from 2001 to 2005, with interest at 6.0% to 6.35%; \$1,830 term bonds due May 15, 2012, with interest at 6.6%; \$8,225 term bonds due May 15, 2027, with interest at 6.7%.	10,950
1992 Series E dated May 1, 1992. \$65 due serially from 2001 to 2005, with interest at 6.0% to 6.35%; \$60 term bonds due May 15, 2009, with interest at 6.6%; \$1,000 term bonds due May 15, 2033, with interest at 6.75%.	1,125
1992 Series F dated May 1, 1992. \$810 term bonds due May 15, 2008, with mandatory sinking fund requirements and interest at 8.375%; \$995 term bonds due May 15, 2012, with interest at 8.75%; \$5,360 term bonds due May 15, 2024, with interest at 9.35%.	7,165
1992 Series G dated July 1, 1992. \$7,385 term bonds due May 15, 2019, with interest at 6.55%.	7,385
1993 Series A dated December 1, 1992. \$565 due serially from 2001 to 2005, with interest rates of 5.45% to 5.95%; \$1,345 term bonds due May 15, 2013, with interest at 6.5%; \$1,920 term bonds due May 15, 2023, with interest at 6.625%.	3,830
1993 Series B dated December 1, 1992. \$2,800 due serially from 2001 to 2005, with interest rates of 5.45% to 5.95%; \$6,665 term bonds due May 15, 2013, with interest at 6.5%; \$10,250 term bonds due May 15, 2023, with interest at 6.625%; \$1,970 term bonds due May 15, 2034, with interest at 6.65%.	21,685
1993 Series C dated December 1, 1992. \$7,610 term bonds due May 15, 2024, with interest at 8.95%.	7,610
1993 Series D dated March 1, 1993. \$12,715 due serially from 2001 to 2007, with interest rates of 5.0% to 5.6%; \$15,530 term bonds due May 15, 2013, with interest at 5.95%; \$19,970 term bonds due May 15, 2024, with interest at 6.05%.	48,215
1993 Series E dated March 1, 1993. \$285 due serially from 2001 to 2007, with interest rates of 5.0% to 5.6%; \$350 term bonds due May 15, 2013, with interest at 5.95%; \$935 term bonds due May 15, 2023, with interest at 6.05%; \$720 term bonds due May 15, 2028, with interest at 6.05%.	2,290
1993 Series F dated March 1, 1993. \$890 due serially from 2001 to 2007, with interest rates of 5.0% to 5.6%; \$1,095 term bonds due May 15, 2013, with interest at 5.95%; \$1,865 term bonds due May 15, 2020, with interest at 6.05%.	3,850
1993 Series G dated March 1, 1993. \$1,880 term bonds due May 15, 2024, with interest at 8.375%.	1,880
1993 Series H dated August 1, 1993. \$3,810 due serially from 2001 to 2007, with interest rates of 4.6% to 5.20%; \$4,525 term bonds due May 15, 2013, with interest at 5.45%; \$12,815 term bonds due May 15, 2026, with interest at 5.60%.	21,150
1993 Series I dated August 1, 1993. \$70 term bonds due May 15, 2002, with interest at 4.7%; \$190 term bonds due May 15, 2007, with interest at 5.20%; \$310 term bonds due May 15, 2013, with interest at 5.45%; \$720 term bonds due May 15, 2023, with interest at 5.60%.	1,290

1993 Series J dated August 1, 1993. \$95 term bonds due May 15, 2002, with interest at 4.8%; \$275 term bonds due May 15, 2007, with interest at 5.3%; \$450 term bonds due May 15, 2013, with interest at 5.6%; \$1,330 term bonds due May 15, 2024, with interest at 5.75%.	\$ 2,150
1993 Series K dated August 1, 1993. \$859 term bonds, net of unamortized discount of \$1, due May 15, 2004, with interest at 6.55%.	859
1994 Series A dated February 1, 1994. \$150 term bonds due May 15, 2004, with interest at 4.65%; \$230 term bonds due May 15, 2009, with interest at 5.15%; \$300 term bonds due May 15, 2014, with interest at 5.35%; \$905 term bonds due May 15, 2024, with interest at 5.45%.	1,585
1994 Series B dated February 1, 1994. \$2,155 term bonds due May 15, 2009, with interest at 6.8%; \$9,735 term bonds due May 15, 2025, with interest at 7.9%.	11,890
1994 Series C dated September 1, 1994. \$1,260 due serially from 2001 to 2008, with interest rates of 5.4% to 6.15%; \$1,435 term bonds due May 15, 2014, with interest at 6.5%; \$4,590 term bonds due May 15, 2025, with interest at 6.65%; \$4,000 term bonds due May 15, 2036, with interest at 6.75%.	11,285
1994 Series D dated September 1, 1994. \$445 due serially from 2001 to 2008, with interest rates of 5.4% to 6.15%; \$440 term bonds due May 15, 2014, with interest at 6.5%; \$1,360 term bonds due May 15, 2025, with interest at 6.65%.	2,245
1994 Series E dated September 1, 1994. \$2,055 due serially from 2001 to 2008, with interest rates of 5.55% to 6.3%; \$2,350 term bonds due May 15, 2014, with interest at 6.7%; \$7,640 term bonds due May 15, 2025, with interest at 6.85%.	12,045
1994 Series F dated September 1, 1994. \$805 term bonds due May 15, 2004, with interest at 8.45%; \$1,860 term bonds due May 15, 2010, with interest at 9.1%; \$2,495 term bonds due May 15, 2015, with interest at 9.3%; \$4,620 term bonds due May 15, 2021, with interest at 9.45%; \$4,695 term bonds due May 15, 2026, with interest at 9.55%.	14,475
1995 Series A dated April 1, 1995. \$1,680 due serially from 2001 to 2010, with interest rates of 5.05% to 5.90%; \$1,275 term bonds due May 15, 2015, with interest at 6.30%; \$2,150 term bonds due May 15, 2021, with interest at 6.5%; \$1,965 term bonds due May 15, 2025, with interest at 6.55%; \$8,915 term bonds due May 15, 2036, with interest at 6.7%.	15,985
1995 Series B dated December 1, 1995. \$2,075 due serially from 2001 to 2008, with interest rates of 4.45% to 5.3%; \$2,665 term bonds due May 15, 2015, with interest at 5.65%; \$6,145 term bonds due May 15, 2026, with interest at 5.8%.	10,885
1995 Series C dated December 1, 1995. \$290 due serially from 2001 to 2008, with interest rates of 4.45% to 5.3%; \$375 term bonds due May 15, 2015, with interest at 5.65%; \$1,085 term bonds due May 15, 2026, with interest at 5.8%.	1,750
1995 Series D dated December 1, 1995. \$395 due serially from 2001 to 2008, with interest rates of 4.65% to 5.5%; \$510 term bonds due May 15, 2015, with interest at 5.8%; \$1,535 term bonds due May 15, 2027, with interest at 5.9%.	2,440



1998 Series A dated November 1, 1998. \$4,530 due serially from 2001 to 2013, with interest rates of 3.75% to 4.85%; \$2,540 term bonds due May 15, 2018, with interest at 5.05%; \$5,930 term bonds due May 15, 2029, with interest at 5.15%.	\$ 13,000
1998 Series B dated November 1, 1998. \$2,365 due serially from 2001 to 2009, with interest rates of 3.85% to 4.55%; \$3,345 term bonds due May 15, 2018, with interest at 5.15%; \$2,675 term bonds due May 15, 2028, with interest at 5.25%.	<u>8,385</u>
Total	<u>\$ 326,534</u>

As of June 30, 2001, the required principal payments including mandatory sinking fund payments for each of the next five years are as follows:

<b>For the year ended June 30,</b>				
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 7,055	\$ 7,445	\$ 7,855	\$ 8,055	\$ 8,565

All outstanding bonds are subject to redemption at the option of CDA, as a 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 percent of the principal amount.

#### **6. Redemption of bonds and extraordinary item:**

The provisions of the various note and bond certificates 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.

During the years ended June 30, 2001 and 2000, CDA redeemed Multi-Family Housing Revenue Bonds in the following series.

<u>2001</u>	<u>2000</u>
<ul style="list-style-type: none"> <li>• 1992 Series B</li> <li>• 1993 Series E</li> <li>• 1993 Series I</li> <li>• 1994 Series D</li> </ul>	<ul style="list-style-type: none"> <li>• 1989 Series A</li> <li>• 1989 Series B</li> <li>• 1990 Series C</li> <li>• 1991 Series F</li> <li>• 1992 Series A</li> <li>• 1993 Series A</li> <li>• 1993 Series C</li> </ul>

The redemption of bonds resulted in the write-off of any unamortized deferred issuance costs or original issue discounts net of unamortized original issue premiums. The corresponding loss has been recorded as an extraordinary item in the accompanying statements of revenues, expenses and changes in fund equity.

## **7. Pension and other postretirement benefits:**

Eligible employees of CDA and employees of the State of Maryland are covered under the retirement plans of the State Retirement and Pension System of Maryland (System) and are also entitled to certain healthcare benefits upon retirement. CDA's only liability for retirement and postemployment benefits is its required annual contribution, which it has fully funded during the years ended June 30, 2001 and 2000. The System prepares a separate audited Comprehensive Annual Financial Report which can be obtained from the State Retirement and Pension System of Maryland, 301 West Preston Street, Baltimore, Maryland 21201.

**Community Development Administration  
Multi-Family Housing Revenue Bond Program Fund**

**Supplemental disclosure of change in fair value of investments  
and mortgage-backed securities  
June 30, 2001  
(In thousands)  
(Unaudited)**

During fiscal year 1997, CDA adopted the provisions of The Government Accounting Standards Board (GASB) Statement No. 31. This statement requires the financial statements of CDA to reflect investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included on the statement of revenues, expenses and changes in fund equity.

For investments held by CDA as of June 30, 2001, the following schedule summarizes the differences between fair value and amortized costs attributable for each of these years:

Cumulative FY 1996 and prior periods	\$ 1,972
FY 1997	415
FY 1998	3,431
FY 1999	(2,009)
FY 2000	(154)
FY 2001	<u>1,192</u>
Cumulative total	<u>\$ 4,847</u>

For mortgage-backed securities held by CDA as of June 30, 2001, the following schedule summarizes the differences between fair value and cost attributable for each of these years:

Cumulative FY 1996 and prior periods	\$ —
FY 1998	—
FY 1999	—
FY 2000	(452)
FY 2001	<u>1,358</u>
Cumulative total	<u>\$ 906</u>