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FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION HOUSING REVENUE BONDS

JUNE 30, 2012 AND 2011

Community Development Administration
Housing Revenue Bonds

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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 Housing Revenue 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, 2012 and 2011, 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 Housing Revenue Bonds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 2012 and 2011, 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 Housing Revenue Bonds of the Department of Housing and Community Development of the State of Maryland as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Reznick Group, P.C.

Baltimore, Maryland
September 28, 2012

Community Development Administration
Housing Revenue Bonds

STATEMENTS OF NET ASSETS
(in thousands)

June 30, 2012 and 2011

	2012	2011
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 41,785	$ 40,588
Mortgage-backed securities	4,009	4,209
Mortgage loans		
Single family	31	26
Multi-family construction and permanent financing	2,952	2,764
Accrued interest receivables	1,889	2,105
Total restricted current assets	50,666	49,692
Restricted long-term assets		
Investments	8,380	7,101
Mortgage-backed securities, net of current portion	331,982	367,592
Mortgage loans, net of current portion and allowance		
Single family	135	186
Multi-family construction and permanent financing	68,015	72,714
Deferred bond issuance costs	98	107
Total restricted long-term assets	408,610	447,700
Total restricted assets	$ 459,276	$ 497,392
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	$ 10,043	$ 11,305
Accounts payable	41	-
Bonds payable	8,925	7,935
Deposits by borrowers	1,749	2,023
Total current liabilities	20,758	21,263
Long-term liabilities		
Bonds payable, net of current portion	375,259	422,194
Deposits by borrowers, net of current portion	6,331	5,561
Deferred income	4,008	4,616
Total long-term liabilities	385,598	432,371
Total liabilities	406,356	453,634
NET ASSETS		
Restricted	52,920	43,758
Total liabilities and net assets	$ 459,276	$ 497,392

See notes to financial statements

Community Development Administration
Housing Revenue Bonds

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

Years ended June 30, 2012 and 2011

	2012	2011
Operating revenue		
Interest on mortgage loans	$ 4,444	$ 4,919
Interest on mortgage-backed securities	18,660	21,951
Interest income on investments	603	664
Increase (decrease) in fair value of investments	1,283	(280)
Fee and deferred income	643	699
Other operating revenue	31	19
	25,664	27,972
Operating expenses		
Interest expense on bonds	21,452	25,312
Professional fees and other operating expenses	219	236
Amortization of bond issuance costs	9	10
Loss on early retirement of debt	-	1
	21,680	25,559
Operating income	3,984	2,413
Nonoperating revenue (expenses)		
Increase (decrease) in fair value of mortgage-backed securities	6,303	(7,348)
Total nonoperating revenue (expenses)	6,303	(7,348)
Transfers of funds, as permitted by the Resolution	(1,125)	(3,000)
Changes in net assets	9,162	(7,935)
Net assets - restricted at beginning of year	43,758	51,693
Net assets - restricted at end of year	$ 52,920	$ 43,758

See notes to financial statements

Community Development Administration
Housing Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Principal and interest received on mortgage loans	$ 9,049	$ 18,306
Principal and interest received on mortgage-backed securities	60,978	80,171
Escrow funds received	2,622	3,243
Escrow funds paid	(2,126)	(5,480)
Purchase of mortgage loans	-	(3,009)
Professional fees and other operating expenses	(195)	(236)
Other income received	31	19
Other reimbursements	17	-
Net cash provided by operating activities	70,376	93,014
Cash flows from investing activities		
Interest received on investments	605	668
Net cash provided by investing activities	605	668
Cash flows from noncapital financing activities		
Payments on bond principal	(45,945)	(73,105)
Reimbursement of bond costs	-	34
Interest on bonds	(22,714)	(27,378)
Transfers among Funds	(1,125)	(3,000)
Net cash used in noncapital financing activities	(69,784)	(103,449)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	1,197	(9,767)
Cash and cash equivalents on deposit with trustee at beginning of year	40,588	50,355
Cash and cash equivalents on deposit with trustee at end of year	$ 41,785	$ 40,588

(continued)

Community Development Administration
Housing Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2012 and 2011

	2012	2011
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 3,984	$ 2,413
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease in assets		
Mortgage loans	4,592	10,295
Mortgage-backed securities	42,113	57,934
Accrued interest receivables	216	369
(Decrease) increase in liabilities		
Accrued interest payable	(1,262)	(2,066)
Accounts payable	41	-
Deposits by borrowers	496	(2,237)
Deferred income	(608)	(613)
Amortizations		
Deferred income on loans	(35)	(86)
Investment premiums	4	4
Deferred bond issuance costs	9	10
(Increase) decrease in fair value of investments	(1,283)	280
Loss on early retirement of debt	-	1
Interest received on investments	(605)	(668)
Interest on bonds	22,714	27,378
Net cash provided by operating activities	$ 70,376	$ 93,014

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2012 and 2011

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 Housing Revenue Bonds (the Fund). CDA's other Funds are not included. The Fund was established to issue bonds to provide funds to finance or refinance loans for various types of housing. As of June 30, 2012 and 2011, Housing Revenue Bonds have primarily financed multi-family projects.

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). 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)

In accordance with accounting guidance issued by GASB, 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, 2012 and 2011, all of the Fund's cash equivalents were invested in money market mutual funds which are 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-Backed Securities

These guaranteed securities are issued in connection with mortgage loans on multi-family projects. They are stated at fair value, based on quoted market prices. Mortgage-backed securities are more fully described in Note 3.

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 single family mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes 4 and 10 for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all the mortgage loans of the Fund are insured or guaranteed. Less than 1% of the loan portfolio is uninsured and CDA has established an allowance for loan losses on these loans. Management believes the allowance established is adequate based on prior experience and evaluations from DHCD's asset management group. See Notes 4 and 10 for additional information.

Accrued Interest Receivables

Accrued interest receivables include interest on loans and investments. On insured multi-family mortgage loans that are in default, CDA continues to accrue interest until receipt of a mortgage insurance claim. On insured single family loans, interest ceases to accrue after foreclosure. See Note 5 for additional information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of original issue discounts or premiums. See Notes 6, 7 and 8 for more information.

Deposits by Borrowers

This account consists of escrows and reserves held by CDA on behalf of multi-family housing developments. CDA invests these deposits and, for reserves, allows earnings to accrue to the benefit of the mortgagor. Escrows represent amounts held by CDA for mortgage insurance and hazard insurance premiums and real estate taxes, all of which are generally paid annually and which are classified as a current liability. Based on the current year's reserve disbursements, CDA has estimated the current reserve liability. The balance of the reserves is classified as long-term. See Note 8 for further information on changes in long-term obligations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012 and 2011, all mortgage loan yields were in compliance with the Code.

Interest on Mortgage Loans and Mortgage-Backed Securities

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

Fee Income

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

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and 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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 11 for additional information.

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to financing affordable housing in the State of Maryland. The Fund's activities are considered to be operating except for increases and decreases in the fair value of mortgage-backed securities.

Use of Estimates

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

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES

Bond proceeds and revenues from mortgages, mortgage-backed securities and investments are invested in authorized investments as defined in the Housing Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities or 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.

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)

The following assets, reported at fair value and held by the Fund as of June 30, 2012 and 2011, are evaluated in accordance with accounting guidance issued by GASB for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

Assets	2012	2011
Cash and cash equivalents:		
Federated Prime Cash Obligations Fund	$ 41,785	$ -
Federated Treasury Obligations Fund	-	40,588
Investments:		
Obligations of the U.S. Treasury	8,380	7,101
GNMA mortgage-backed securities	335,991	371,801
Total	$ 386,156	$ 419,490

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.

Community Development Administration
Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)

As of June 30, 2012, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in years)				
Asset	Amortized cost	Fair value	Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Prime Cash Obligations Fund	$ 41,785	$ 41,785	$ 41,785	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,498	8,380	-	-	-	8,380	-
GNMA mortgage-backed securities	317,193	335,991	-	-	-	-	335,991
Total	$ 364,476	$ 386,156	$ 41,785	$ -	$ -	$ 8,380	$ 335,991

As of June 30, 2011, the amortized cost, fair value and maturities for these assets were as follows:

			Maturities (in years)				
Asset	Amortized cost	Fair value	Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Treasury Obligations Fund	$ 40,588	$ 40,588	$ 40,588	$ -	$ -	$ -	$ -
Obligations of the U.S. Treasury	5,502	7,101	-	-	-	7,101	-
GNMA mortgage-backed securities	359,306	371,801	-	-	-	-	371,801
Total	$ 405,396	$ 419,490	$ 40,588	$ -	$ -	$ 7,101	$ 371,801

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporations and the U.S. Government. The Federated Treasury Obligations Fund invests primarily in repurchase agreements collateralized by Treasury securities and U.S. Treasuries. Both operate in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. Both 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, 2012 and 2011, the cost of the money market mutual funds approximated fair value.

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 Resolution require 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 Resolution 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, 2012 and 2011, all counterparty ratings were at least equal to the ratings on the Fund's bonds. As of June 30, 2012 and 2011, the ratings on Housing Revenue Bonds 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 5 percent or more of total investments in accordance with accounting guidance issued by GASB.

(in thousands)

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)

As of June 30, 2012, 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 Prime Cash Obligations Fund	$ 41,785	10.82%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	335,991	87.01%		Direct U.S. Obligations	
Obligations of the U.S. Treasury	8,380	2.17%		Direct U.S. Obligations	
Total	$ 386,156	100.00%			

As of June 30, 2011, 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	$ 40,588	9.68%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	371,801	88.63%		Direct U.S. Obligations	
Obligations of the U.S. Treasury	7,101	1.69%		Direct U.S. Obligations	
Total	$ 419,490	100.00%			

NOTE 3 - CASH, CASH EQUIVALENTS, INVESTMENTS AND MORTGAGE-BACKED SECURITIES (Continued)

All mortgage-backed securities held by the Fund are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States Government. GNMA securities are "fully modified pass-through" mortgage-backed securities which require monthly payments by a Federal Housing Administration (FHA) lender, as the issuer of the Guaranteed Security to CDA. GNMA guarantees timely payment of principal and interest on Guaranteed Securities.

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, 2012 and 2011, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. 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.

NOTE 4 - MORTGAGE LOANS

All the mortgage loans are secured by first liens on the related property and approximately 99% are insured or credit enhanced by FHA, MHF, FHLMC, FNMA or GNMA. As of June 30, 2012 and 2011, interest rates on such loans range from 3.7% to 7.85% with remaining loan terms ranging from less than 3 years to 38 years and less than 4 years to 39 years, respectively. For the years ended June 30, 2012 and 2011, an allowance for loan losses in the amount of $43 has been established for uninsured loans.

(in thousands)

NOTE 5 - ACCRUED INTEREST RECEIVABLES

Accrued interest receivables as of June 30, 2012 and 2011 were as follows:

	2012	2011
Accrued mortgage loan interest	$ 387	$ 400
Accrued investment interest	48	46
Accrued mortgage-backed securities interest	1,454	1,659
	$ 1,889	$ 2,105

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 Resolution. These bonds do not constitute debt of and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision.

The provisions of the Resolution require or allow for the special redemption of bonds 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 resolutions, at a redemption price equal to the principal amount thereof to be redeemed. All bonds are tax-exempt and have fixed interest rates.

(in thousands)

NOTE 6 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2012 and the debt outstanding and bonds payable as of June 30, 2012:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2011	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Bonds redeemed	Debt Outstanding at June 30, 2012	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2012
Housing Revenue Bonds										
Series 1996 A	11/01/96	5.80% - 5.95%	2016 - 2023	$ 13,120	$ -	$ (1,630)	$ -	$ 11,490	$ -	$ 11,490
Series 1996 B	11/01/96	5.875% - 5.95%	2016 - 2028	1,425	-	(60)	-	1,365	-	1,365
Series 1999 A	02/01/99	4.60% - 5.35%	2011 - 2041	14,830	-	(200)	-	14,630	-	14,630
Series 1999 B	10/15/99	5.60% - 6.40%	2011 - 2042	9,440	-	(110)	(9,330)	-	-	-
Series 1999 D	12/01/99	5.90% - 6.35%	2013 - 2042	5,960	-	(260)	-	5,700	-	5,700
Series 2000 A	10/01/00	5.20% - 6.10%	2011 - 2042	25,545	-	(300)	-	25,245	-	25,245
Series 2001 A	07/01/01	4.85% - 5.625%	2011 - 2043	27,500	-	(365)	(12,310)	14,825	-	14,825
Series 2001 B	10/01/01	4.50% - 5.45%	2011 - 2043	42,645	-	(995)	(16,465)	25,185	-	25,185
Series 2002 A	03/01/02	4.80% - 5.70%	2011 - 2043	8,910	-	(100)	-	8,810	-	8,810
Series 2002 B	10/01/02	3.75% - 5.05%	2011 - 2045	31,515	-	(380)	-	31,135	-	31,135
Series 2002 C	10/01/02	3.75% - 5.00%	2011 - 2035	6,155	-	(120)	-	6,035	-	6,035
Series 2002 D	10/01/02	3.75% - 5.00%	2011 - 2035	7,635	-	(140)	-	7,495	-	7,495
Series 2003 A	04/01/03	3.85% - 5.22%	2011 - 2045	23,530	-	(260)	-	23,270	-	23,270
Series 2003 B	07/01/03	3.50% - 5.00%	2011 - 2045	16,580	-	(200)	-	16,380	-	16,380
Series 2003 C	09/01/03	4.00% - 5.90%	2011 - 2045	10,255	-	(105)	-	10,150	(6)	10,144
Series 2003 D	12/01/03	3.70% - 5.125%	2011 - 2045	11,480	-	(130)	-	11,350	-	11,350
Series 2004 B	03/31/04	3.05% - 4.70%	2011 - 2046	19,235	-	(235)	-	19,000	-	19,000
Series 2004 C	06/10/04	4.20% - 5.40%	2011 - 2047	34,290	-	(340)	-	33,950	-	33,950
Series 2004 D	11/23/04	4.35% - 5.00%	2015 - 2037	1,530	-	(80)	-	1,450	-	1,450
Series 2005 A	02/17/05	4.25% - 4.85%	2015 - 2047	6,135	-	(70)	-	6,065	-	6,065
Series 2005 B	04/21/05	3.90% - 5.10%	2011 - 2047	18,630	-	(205)	-	18,425	-	18,425
Series 2005 C	12/14/05	3.95% - 5.15%	2011 - 2047	12,600	-	(370)	-	12,230	-	12,230
Series 2006 A	04/27/06	4.05% - 5.05%	2011 - 2047	9,685	-	(110)	-	9,575	-	9,575
Series 2006 B	04/27/06	4.05% - 5.00%	2011 - 2039	2,945	-	(135)	-	2,810	-	2,810
Series 2006 C	04/27/06	3.70% - 4.75%	2011 - 2036	1,965	-	(40)	-	1,925	-	1,925
Series 2006 D	09/27/06	4.91%	7/1/2048	4,425	-	(115)	-	4,310	-	4,310
Series 2007 A	06/14/07	3.95% - 4.95%	2011 - 2049	21,175	-	(310)	-	20,865	-	20,865
Series 2007 B	08/30/07	5.51%	1/1/2038	4,810	-	(60)	-	4,750	-	4,750
Series 2007 C	12/20/07	5.38%	1/1/2043	1,510	-	(15)	-	1,495	-	1,495
Series 2008 A	05/29/08	5.24%	7/1/2038	5,630	-	(95)	-	5,535	-	5,535
Series 2008 B	05/29/08	5.63%	7/1/2049	10,230	-	(110)	-	10,120	-	10,120
Series 2008 C	09/19/08	5.60%	7/1/2048	7,380	-	-	-	7,380	-	7,380
Series 2008 D	12/18/08	4.125% - 6.75%	2013 - 2039	3,830	-	(50)	-	3,780	-	3,780
Series 2009 A	11/24/09	5.25%	7/1/2041	7,605	-	(145)	-	7,460	-	7,460
Total				$ 430,135	$ -	$ (7,840)	$ (38,105)	$ 384,190	$ (6)	$ 384,184

(in thousands)

NOTE 6 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2011 and the debt outstanding and bonds payable as of June 30, 2011:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2010	New bonds issued	Scheduled maturity payments	Bonds redeemed	Debt Outstanding at June 30, 2011	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2011
Housing Revenue Bonds										
Series 1996 A	11/01/96	5.80% - 5.95%	2016 - 2023	$ 19,925	$ -	$ (1,945)	$ (4,860)	$ 13,120	$ -	$ 13,120
Series 1996 B	11/01/96	5.875% - 5.95%	2016 - 2028	1,485	-	(60)	-	1,425	-	1,425
Series 1997 A	06/01/97	5.70% - 6.00%	2017 - 2039	33,700	-	(430)	(33,270)	-	-	-
Series 1997 B	09/01/97	5.55% - 5.75%	2017 - 2039	6,965	-	(90)	(6,875)	-	-	-
Series 1997 C	12/01/97	5.00% - 5.65%	2010 - 2039	12,720	-	(170)	(12,550)	-	-	-
Series 1999 A	02/01/99	4.50% - 5.35%	2010 - 2041	15,020	-	(190)	-	14,830	-	14,830
Series 1999 B	10/15/99	5.50% - 6.40%	2010 - 2042	14,310	-	(225)	(4,645)	9,440	-	9,440
Series 1999 C	10/15/99	5.85% - 6.40%	2014 - 2040	480	-	(5)	(475)	-	-	-
Series 1999 D	12/01/99	5.90% - 6.35%	2013 - 2042	6,205	-	(245)	-	5,960	-	5,960
Series 2000 A	10/01/00	5.10% - 6.10%	2010 - 2042	25,825	-	(280)	-	25,545	-	25,545
Series 2001 A	07/01/01	4.70% - 5.625%	2010 - 2043	27,850	-	(350)	-	27,500	-	27,500
Series 2001 B	10/01/01	4.40% - 5.45%	2010 - 2043	43,320	-	(675)	-	42,645	-	42,645
Series 2002 A	03/01/02	4.70% - 5.70%	2010 - 2043	9,000	-	(90)	-	8,910	-	8,910
Series 2002 B	10/01/02	3.65% - 5.05%	2010 - 2045	31,880	-	(365)	-	31,515	-	31,515
Series 2002 C	10/01/02	3.65% - 5.00%	2010 - 2035	6,270	-	(115)	-	6,155	-	6,155
Series 2002 D	10/01/02	3.65% - 5.00%	2010 - 2035	7,770	-	(135)	-	7,635	-	7,635
Series 2003 A	04/01/03	3.60% - 5.22%	2010 - 2045	23,785	-	(255)	-	23,530	-	23,530
Series 2003 B	07/01/03	3.30% - 5.00%	2010 - 2045	16,775	-	(195)	-	16,580	-	16,580
Series 2003 C	09/01/03	3.80% - 5.90%	2010 - 2045	10,360	-	(105)	-	10,255	(6)	10,249
Series 2003 D	12/01/03	3.40% - 5.125%	2010 - 2045	11,610	-	(130)	-	11,480	-	11,480
Series 2004 B	03/31/04	2.75% - 4.70%	2010 - 2046	19,460	-	(225)	-	19,235	-	19,235
Series 2004 C	06/10/04	4.00% - 5.40%	2010 - 2047	35,540	-	(1,250)	-	34,290	-	34,290
Series 2004 D	11/23/04	4.35% - 5.00%	2015 - 2037	1,600	-	(70)	-	1,530	-	1,530
Series 2005 A	02/17/05	4.25% - 4.85%	2015 - 2047	6,205	-	(70)	-	6,135	-	6,135
Series 2005 B	04/21/05	3.70% - 5.10%	2010 - 2047	18,830	-	(200)	-	18,630	-	18,630
Series 2005 C	12/14/05	3.80% - 5.15%	2010 - 2047	12,955	-	(355)	-	12,600	-	12,600
Series 2006 A	04/27/06	4.00% - 5.05%	2010 - 2047	9,795	-	(110)	-	9,685	-	9,685
Series 2006 B	04/27/06	4.00% - 5.00%	2010 - 2039	3,075	-	(130)	-	2,945	-	2,945
Series 2006 C	04/27/06	3.65% - 4.75%	2010 - 2036	2,005	-	(40)	-	1,965	-	1,965
Series 2006 D	09/27/06	4.91%	7/1/2048	4,425	-	-	-	4,425	-	4,425
Series 2007 A	06/14/07	3.85% - 4.95%	2010 - 2049	21,685	-	(510)	-	21,175	-	21,175
Series 2007 B	08/30/07	5.51%	1/1/2038	4,875	-	(65)	-	4,810	-	4,810
Series 2007 C	12/20/07	5.38%	1/1/2043	1,520	-	(10)	-	1,510	-	1,510
Series 2008 A	05/29/08	5.24%	7/1/2038	5,720	-	(90)	-	5,630	-	5,630
Series 2008 B	05/29/08	5.63%	7/1/2049	10,280	-	(50)	-	10,230	-	10,230
Series 2008 C	09/19/08	5.60%	7/1/2048	7,380	-	-	-	7,380	-	7,380
Series 2008 D	12/18/08	4.125% - 6.75%	2013 - 2039	3,880	-	(50)	-	3,830	-	3,830
Series 2009 A	11/24/09	2.75% - 5.25%	2011 - 2041	8,755	-	-	(1,150)	7,605	-	7,605
Total				$ 503,240	$ -	$ (9,280)	$ (63,825)	$ 430,135	$ (6)	$ 430,129

(in thousands)

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2012, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2012 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
2013	$ 19,917	$ 8,925
2014	19,507	7,885
2015	19,117	7,865
2016	18,727	9,460
2017	18,279	7,555
2018 - 2022	85,955	36,410
2023 - 2027	75,808	43,275
2028 - 2032	63,228	54,990
2033 - 2037	47,106	68,650
2038 - 2042	27,399	79,485
2043 - 2047	7,836	54,760
2048 - 2052	310	4,930
Total	$ 403,189	$ 384,190

(in thousands)

NOTE 7 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2011, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2011 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
2012	$ 22,474	$ 7,935
2013	22,096	7,985
2014	21,701	8,810
2015	21,261	8,925
2016	20,816	10,390
2017 - 2021	97,564	39,855
2022 - 2026	86,658	46,075
2027 - 2031	73,263	58,210
2032 - 2036	56,036	73,715
2037 - 2041	34,534	87,580
2042 - 2046	11,493	69,775
2047 - 2051	786	10,880
Total	$ 468,682	$ 430,135

(in thousands)

NOTE 8 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2012 and 2011 were as follows:

	2012	2011
Bonds payable		
Beginning balance	$ 430,129	$ 503,234
Additions	-	-
Reductions	(45,945)	(73,105)
Ending balance	384,184	430,129
Less due within one year	(8,925)	(7,935)
Total long-term bonds payable	375,259	422,194
Deposits by borrowers		
Beginning balance	7,584	9,821
Additions	2,622	3,243
Reductions	(2,126)	(5,480)
Ending balance	8,080	7,584
Less due within one year	(1,749)	(2,023)
Total long-term deposits by borrowers	6,331	5,561
Deferred income		
Beginning balance	4,616	5,229
Additions	-	-
Reductions	(608)	(613)
Ending balance	4,008	4,616
Total long-term deferred income	4,008	4,616
Total long-term liabilities	$ 385,598	$ 432,371

(in thousands)

NOTE 9 - INTERFUND ACTIVITY

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

During the years ended June 30, 2012 and 2011, the Fund transferred the following amounts, as permitted, among Funds:

	2012	2011
Excess revenue transferred to the General Bond Reserve Fund	$ (1,125)	$ (3,000)

NOTE 10 - MORTGAGE INSURANCE

Approximately 99% of the Fund's mortgage loans are insured or credit enhanced as described in Note 4.

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

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

(in thousands)

NOTE 11 - 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 12 - SUBSEQUENT EVENTS

Events that occur after the date of the statement of net assets but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the date of the statement of net assets are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net assets require disclosure in the accompanying notes. Management evaluated the activity of CDA through September 28, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements, except for the following activity that occurred subsequent to June 30, 2012.

Subsequent to the year ended June 30, 2012, the following activity took place:

CDA issued the following bonds:

On July 26, 2012	Series 2012 A	\$9,340
On August 30, 2012	Series 2012 B	\$5,505
On September 13, 2012	Series 2012 C	\$7,200

CDA redeemed the following bonds:

On August 6, 2012	Series 1996 A	\$1,670

Community Development Administration
Housing Revenue Bonds

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

June 30, 2012 and 2011
(Unaudited)

In accordance with accounting guidance issued by GASB, CDA reflects investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses and Changes in Net Assets.

For investments (obligations of the U.S. Treasury) held by the Fund as of June 30, 2012, 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
1997	$ (352)	$ (352)
1998	$ 832	$ 480
1999	$ (407)	$ 73
2000	$ 48	$ 121
2001	$ 193	$ 314
2002	$ 157	$ 471
2003	$ 889	$ 1,360
2004	$ (678)	$ 682
2005	$ 897	$ 1,579
2006	$ (866)	$ 713
2007	$ 48	$ 761
2008	$ 444	$ 1,205
2009	$ 202	$ 1,407
2010	$ 472	$ 1,879
2011	$ (280)	$ 1,599
2012	$ 1,283	$ 2,882

Community Development Administration
Housing Revenue Bonds

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

June 30, 2012 and 2011
(Unaudited)

For mortgage-backed securities held by the Fund as of June 30, 2012, the following schedule summarizes annual increases/decreases in fair value and the cumulative difference between fair value and cost:

Fiscal year ended June 30,	Annual increases/ decreases	Cumulative total
2000	$ (3,825)	$ (3,825)
2001	$ (3,291)	$ (7,116)
2002	$ 3,340	$ (3,776)
2003	$ 21,435	$ 17,659
2004	$ (11,126)	$ 6,533
2005	$ 12,879	$ 19,412
2006	$ (27,704)	$ (8,292)
2007	$ 3,661	$ (4,631)
2008	$ (5,987)	$ (10,618)
2009	$ 17,358	$ 6,740
2010	$ 13,103	$ 19,843
2011	$ (7,348)	$ 12,495
2012	$ 6,303	$ 18,798