

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION
MULTI-FAMILY HOUSING REVENUE BONDS
(INSURED MORTGAGE LOANS)**

JUNE 30, 2003 AND 2002

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

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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 Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (the Fund) of the Department of Housing and Community Development of the State of Maryland as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Fund as of and for the year ended June 30, 2002, were audited by other auditors whose report, dated September 30, 2002, expressed an unqualified opinion on those statements.

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

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

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

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

Rennick Fedder & Silverman

Baltimore, Maryland
September 26, 2003

Community Development Administration
Multi-Family Housing Revenue Bonds
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BALANCE SHEETS
(in thousands)

June 30, 2003 and 2002

	2003	2002
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	\$ 126,004	\$ 41,388
Investments	11,772	-
Mortgage-backed securities	220	210
Multi-family mortgage loans	4,417	4,424
Accrued interest and other receivables	2,952	3,337
	145,365	49,359
Restricted long-term assets		
Investments, net of current portion	23,021	32,354
Mortgage-backed securities, net of current portion	27,674	27,011
Multi-family mortgage loans, net of current portion	227,260	255,547
Deferred bond issuance costs	2,806	2,405
	280,761	317,317
Total restricted long-term assets		
Total restricted assets	\$ 426,126	\$ 366,676
LIABILITIES AND NET ASSETS		
Current Liabilities		
Bonds payable	\$ 120,490	\$ 7,350
Accrued interest payable	1,994	2,300
Accounts payable	168	68
Rebate liability	75	-
Deposits by borrowers	20,450	21,470
	143,177	31,188
Total current liabilities		
Long-Term Liabilities		
Bonds payable, net of current portion	227,022	286,970
Rebate liability, net of current portion	673	314
	227,695	287,284
Total long-term liabilities		
Total liabilities	370,872	318,472
NET ASSETS		
Restricted	55,254	48,204
Total liabilities and net assets	\$ 426,126	\$ 366,676

See notes to financial statements

Community Development Administration
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(Insured Mortgage Loans)

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

Years ended June 30, 2003 and 2002

	2003	2002
Operating revenue		
Interest on mortgage loans	\$ 19,939	\$ 21,483
Interest on mortgage-backed securities	1,726	1,982
Fee income	388	286
Other operating revenue	239	-
	22,292	23,751
Operating expenses		
Trustee, legal and mortgage servicing costs	159	207
Other operating expense	72	-
	231	207
Operating income	22,061	23,544
Nonoperating revenue (expenses)		
Interest income, net of rebate	2,584	3,315
Interest expense on bonds	(17,754)	(20,696)
Amortization of bond issuance costs	(106)	(131)
Increase in fair value of investments, net of rebate	2,624	691
Increase in fair value of mortgage-backed securities	884	812
Loss on early retirement of debt	(384)	(212)
Total nonoperating revenue (expenses)	(12,152)	(16,221)
Transfers of funds as permitted by the Resolution providing for the issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loans)	(2,859)	(2,861)
CHANGE IN NET ASSETS	7,050	4,462
Net assets at beginning of year	48,204	43,742
Net assets at end of year	\$ 55,254	\$ 48,204

See notes to financial statements

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities		
Principal and interest received on mortgage loans	\$ 48,852	\$ 28,578
Principal and interest received on mortgage-backed securities	1,936	4,892
Escrow funds received	9,900	10,904
Escrow funds paid	(10,815)	(9,853)
Loan fees received	9	8
Other operating revenue received	239	-
Other operating expenses paid	(72)	-
Trustee, legal and mortgage servicing costs	(159)	(207)
	49,890	34,322
Net cash provided by operating activities		
Cash flows from investing activities		
Proceeds from maturities or sales of investments	13,376	8,629
Purchases of investments	(12,860)	(1,946)
Interest received on investments	2,826	3,469
	3,342	10,152
Net cash provided by investing activities		
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	102,530	77,495
Payments on bond principal	(49,715)	(100,463)
Bond issuance costs	(768)	(2,220)
Reimbursement of bond costs	255	-
Interest on bonds	(18,059)	(20,997)
Transfers among Funds	(2,859)	(2,861)
	31,384	(49,046)
Net cash provided by (used in) noncapital financing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	84,616	(4,572)
Cash and cash equivalents on deposit with trustee at beginning of year	41,388	45,960
Cash and cash equivalents on deposit with trustee at end of year	\$ 126,004	\$ 41,388

(continued)

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2003 and 2002

	2003	2002
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 22,061	\$ 23,544
Adjustments to reconcile operating income to net cash provided by operating activities		
Decrease in mortgage-backed securities	210	2,910
Decrease in mortgage loans	28,294	6,833
Decrease in accrued interest and other receivables	245	81
Increase in accounts payable	100	3
(Decrease) increase in deposits by borrowers	(1,020)	951
	\$ 49,890	\$ 34,322
Supplemental disclosure of noncash investing and noncapital financing activities		
Amortization of investment discounts and premiums	\$ 27	\$ 44
Increase in fair value of investments, net of rebate	(2,624)	(691)
Increase in fair value of mortgage-backed securities	(884)	(812)
Amortization of deferred bond issuance costs	106	131
Loss on early retirement of debt	384	212

See notes to financial statements

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2003 and 2002

NOTE A - AUTHORIZED LEGISLATION AND PROGRAM DESCRIPTION

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is set up in accordance with CDA's enabling legislation and the Resolution providing for the issuance of Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) (Resolution). The Fund is an enterprise fund of the State of Maryland and uses the accrual basis of accounting.

Generally Accepted Accounting Principles

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

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Annual Financial Report normally includes a Management's Discussion and Analysis. Since CDA is an enterprise fund included in the State of Maryland's Comprehensive Annual Financial Report, a separate Management's Discussion and Analysis is not required in these financial statements.

Cash and Cash Equivalents on Deposit with Trustee

Cash on deposit is primarily cash equivalents. Cash equivalents may include money market funds, repurchase agreements, investment agreements and any other investments, primarily U.S. Treasury and agencies, which have maturities of 90 or less days at the time of purchase. As of June 30, 2003 and 2002, all of CDA's cash equivalents are invested in a money market mutual fund which is more fully described in Note C.

Investments

Investments are principally governmental debt securities. These securities are stated at fair value, based on quoted market prices. Investments are classified as current or long-term based on the maturity date or call date, if exercise of the call within the next fiscal year is probable. For additional information on investments see Note C.

Mortgage-Backed Securities

These guaranteed securities are issued in connection with mortgage loans on multi-family projects. They are stated at fair value, based on quoted market prices. It is the intention of CDA to hold these securities to maturity or until the payoff of the related multi-family loan. Mortgage-backed securities are more fully described in Note C.

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances, net of unamortized loan fees. Loan fees are deferred over the life of the related loans and amortized using the effective interest method. See Notes D and L for additional information on mortgage loans and mortgage insurance, respectively.

Allowance for Loan Losses

Substantially all the mortgage loans of the Funds are insured or guaranteed by agencies of the U.S. Government or the Maryland Housing Fund. As such, no allowance for loan losses was necessary as of June 30, 2003 and 2002.

Accrued Interest and Other Receivables

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

Deferred Bond Issuance Costs

Costs incurred in issuing bonds are capitalized and amortized using the effective interest method for each respective bond issue. When bonds are redeemed early with mortgage prepayments, a proportionate share of the remaining unamortized costs is recognized as a loss on the Statements of Revenue, Expenses and Changes in Net Assets.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of unamortized deferred gain or loss for bonds refunded for economic purposes and original issue discounts/premiums. See Notes F, G and H for additional information.

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits by Borrowers

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

Rebate Liability

Regulations governing 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. The rebate liability is more fully described in Note I.

Yield Limitations

All mortgage loans are subject to yield limitations under the Internal Revenue Service Code (the Code) in order for the associated bonds to maintain their tax-exempt status. At the time of bond issuance, CDA determines the permitted mortgage yield on the loans. In certain bond refunding transactions, CDA transfers loans from prior series of bonds to the refunding series. CDA monitors the yield on these transferred loans to ensure that the composite yield over the term of the bonds is within the yield limitations of the Code. If at any time the composite yields on the transferred loans are out of compliance with the Code, CDA has certain remedies available to bring the yield into compliance. As of June 30, 2003 and 2002, all mortgage loan yields are in compliance with the Code.

Interest on Mortgage Loans and Mortgage-Backed Securities

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

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fee Income

Multi-family financing fees are deferred over the life of the loan.

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. The cost of these services has been allocated to CDA's General Bond Reserve Fund. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

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

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

The employees of CDA are covered by the Maryland State Retirement and Pension System (the System) and the costs of employees' retirement benefits are included in the salaries and related costs discussed above. See Note M for additional information.

Revenue and Expenses

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

Community Development Administration
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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

Proceeds from bonds are invested in authorized investments as defined in the Resolution until required for purchasing mortgage-backed securities or originating mortgage loans, funding reserves, redeeming outstanding bonds and notes, and funding program expenses. Authorized investments include obligations in the United States Treasury, U.S. government agencies, political subdivisions in the United States, bankers' acceptances, repurchase agreements, corporate debt securities and certificates of deposit with foreign or domestic banks. All CDA accounts held in trust by the trustee are kept separate from the assets of the bank and from other trust accounts.

Cash and Cash Equivalents

As of June 30, 2003 and 2002, the Fund had \$126,004 and \$41,388, 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, 2003 and 2002, the cost of this money market mutual fund approximates fair value.

Community Development Administration
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

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

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 13 years.

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

	Fair Value	Amortized Cost
	<u> </u>	<u> </u>
Obligations of the U.S. Treasury	\$ 30,911	\$ 26,255
Uncollateralized guaranteed investment contract	2,000	2,000
Obligations of U.S. government agencies	1,882	1,604
	<u>\$ 34,793</u>	<u>\$ 29,859</u>

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

	Fair Value	Amortized Cost
	<u> </u>	<u> </u>
Obligations of the U.S. Treasury	\$ 30,354	\$ 26,175
Uncollateralized guaranteed investment contract	2,000	2,000
	<u>\$ 32,354</u>	<u>\$ 28,175</u>

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

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

Mortgage-Backed Securities

All mortgage-backed securities held by CDA are guaranteed by the Government National Mortgage Association (GNMA), an instrumentality of the United States. GNMA securities are “fully modified pass through” mortgage-backed securities which require monthly payments by a FHA-approved lender, as the issuer of the Guaranteed Security, to CDA. GNMA guarantees timely payment of principal of and interest on Guaranteed Securities. It is the intention of CDA to hold these securities until the underlying loan is paid in full.

As of June 30, 2003, the cost and fair value of mortgage-backed securities were as follows:

Fair Value	Cost
\$ 27,894	\$ 25,293

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

Fair Value	Cost
\$ 27,221	\$ 25,503

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.

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

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

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.

NOTE D - MORTGAGE LOANS

Substantially all multi-family mortgage loans outstanding are credit enhanced through the Federal Housing Administration mortgage insurance program, the Federal Home Loan Mortgage Corporation, the Maryland Housing Fund or GNMA. As of June 30, 2003, interest rates on such loans range from 3.7% to 14.5%, with remaining loan terms ranging from 14 months to 34 years. As of June 30, 2002, interest rates on such loans range from 5.95% to 12%, with remaining loan terms ranging from 2 to 35 years.

NOTE E - ACCRUED INTEREST AND OTHER RECEIVABLES

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

	2003	2002
Accrued mortgage loan interest	\$ 1,650	\$ 1,790
Escrows due from multi-family mortgagors	716	821
Accrued investment interest	586	726
	\$ 2,952	\$ 3,337

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE F - BONDS PAYABLE

The bonds issued by CDA are special obligations of CDA and are payable from the revenue and special funds of the applicable programs. These bonds do not constitute debt and are not guaranteed by the State of Maryland or any other program of the State of Maryland or any political subdivision. The provisions of the Resolution require or allow for the redemption of bonds through the use of unexpended bond proceeds and excess funds accumulated primarily through prepayment of mortgage loans. All outstanding bonds are subject to redemption at the option of CDA, in whole or in part at any time after certain dates, as specified in the respective series resolutions. The prescribed redemption prices range from 100% to 102% of the principal amount. All bonds have fixed interest rates with the exception of Multi-Family Housing Revenue Bonds 2003 Series C which have a variable interest rate. The variable rate on the Multi-Family Housing Revenue Bonds 2003 Series C is equal to the Federal Home Loan Bank (FHLB) Discount Notes Funding Costs as determined two business days prior to February 15, May 15, August 15, and November 15 plus 1/2 of 1%.

The following is a summary of the bond activity for the year ended June 30, 2003 and the debt outstanding and bonds payable as of June 30, 2003:

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at 6/30/2002	Bond Activity			Debt Outstanding at 6/30/2003	Discounts/premiums and other deferred costs	Bonds payable at 6/30/2003
					New bonds issued	Scheduled maturity payments	Redemptions			
Multi-Family Housing Revenue Bonds										
1992 Series C	1/1/1992	9.05%	2033	\$ 6,085	\$ -	\$ (40)	\$ (2,555)	\$ 3,490	\$ -	\$ 3,490
1992 Series F	5/1/1992	8.375%-9.35%	2008-2024	7,005	-	(30)	(4,795)	2,180	-	2,180
1993 Series A	12/1/1992	5.75%-6.625%	2003-2023	3,620	-	(110)	-	3,510	-	3,510
1993 Series B	12/1/1992	5.75%-6.65%	2003-2034	20,480	-	(550)	-	19,930	-	19,930
1993 Series C	12/1/1992	8.95%	2024	7,405	-	(120)	-	7,285	-	7,285
1993 Series D	3/1/1993	5.20%-6.05%	2003-2024	45,025	-	(1,715)	(7,210)	36,100	-	36,100
1993 Series E	3/1/1993	5.20%-6.05%	2003-2028	1,505	-	(25)	-	1,480	-	1,480
1993 Series F	3/1/1993	5.20%-6.05%	2003-2020	3,630	-	(125)	-	3,505	-	3,505
1993 Series G	3/1/1993	8.375%	2024	1,825	-	(30)	-	1,795	-	1,795
1993 Series H	8/1/1993	4.80%-5.60%	2003-2026	20,190	-	(520)	-	19,670	-	19,670
1993 Series I	8/1/1993	4.70%-5.60%	2003-2023	1,130	-	(35)	(80)	1,015	-	1,015
1993 Series J	8/1/1993	4.80%-5.75%	2003-2024	2,055	-	(50)	-	2,005	-	2,005
1993 Series K	8/1/1993	6.55%	2004	455	-	(220)	-	235	-	235
1994 Series A	2/1/1994	4.65%-5.45%	2004-2024	1,515	-	(40)	-	1,475	-	1,475
1994 Series B	2/1/1994	6.80%-7.90%	2009-2025	11,515	-	(205)	-	11,310	-	11,310
1994 Series C	9/1/1994	5.60%-6.75%	2003-2036	11,020	-	(145)	-	10,875	-	10,875
1994 Series D	9/1/1994	5.60%-6.65%	2003-2025	1,990	-	(50)	-	1,940	-	1,940
1994 Series E	9/1/1994	5.75%-6.85%	2003-2025	11,615	-	(235)	-	11,380	-	11,380
1994 Series F	9/1/1994	8.45%-9.55%	2004-2026	14,105	-	(210)	(13,895)	-	-	-

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE F - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at 6/30/2002	Bond Activity			Debt Outstanding at 6/30/2003	Discounts/premiums and other deferred costs	Bonds payable at 6/30/2003
					New bonds issued	Scheduled maturity payments	Redemptions			
Multi-Family Housing										
Revenue Bonds										
1995 Series A	4/1/1995	5.25%-6.70%	2003-2036	\$ 15,715	\$ -	\$ (145)	\$ -	\$ 15,570	\$ -	\$ 15,570
1995 Series B	12/1/1995	4.65%-5.80%	2003-2026	10,435	-	(240)	-	10,195	-	10,195
1995 Series C	12/1/1995	4.65%-5.80%	2003-2026	1,685	-	(35)	-	1,650	-	1,650
1995 Series D	12/1/1995	4.85%-5.90%	2003-2027	2,355	-	(45)	-	2,310	-	2,310
1998 Series A	11/1/1998	3.95%-5.15%	2003-2029	9,740	-	(235)	-	9,505	-	9,505
1998 Series B	11/1/1998	4.05%-5.25%	2003-2028	7,890	-	(240)	-	7,650	-	7,650
2001 Series A	10/1/2001	2.50%-5.10%	2003-2028	10,860	-	(70)	(8,710)	2,080	(46)	2,034
2001 Series B	10/1/2001	2.80%-5.35%	2003-2032	32,300	-	(555)	(5,555)	26,190	(843)	25,347
2002 Series A	3/1/2002	2.00%-5.40%	2003-2033	20,360	-	(615)	-	19,745	(448)	19,297
2002 Series B	3/1/2002	2.30%-5.60%	2003-2033	12,945	-	(280)	-	12,665	(421)	12,244
2003 Series A	6/19/2003	1.00%-4.45%	2004-2034	-	80,525	-	-	80,525	-	80,525
2003 Series B	6/19/2003	1.25%-4.40%	2004-2023	-	2,005	-	-	2,005	-	2,005
2003 Series C	6/19/2003	Variable	2033	-	20,000	-	-	20,000	-	20,000
Total				\$ 296,455	\$ 102,530	\$ (6,915)	\$ (42,800)	\$ 349,270	\$ (1,758)	\$ 347,512

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

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at 6/30/2001	Bond Activity			Debt Outstanding at 6/30/2002	Discounts/premiums and other deferred costs	Bonds payable at 6/30/2002
					New bonds issued	Scheduled maturity payments	Redemptions			
Multi-Family Housing										
Revenue Bonds										
1985 Series B	6/1/1985	10.375%	2017	\$ 624	\$ -	\$ (624)	\$ -	\$ -	\$ -	\$ -
1989 Series B	4/1/1989	7.30%-7.625%	2002-2021	510	-	(510)	-	-	-	-
1990 Series A	6/1/1990	7.70%-7.80%	2010-2032	7,265	-	(7,265)	-	-	-	-
1990 Series B	6/1/1990	10.05%	2022	1,880	-	(1,880)	-	-	-	-
1990 Series D	11/1/1990	7.05%-7.70%	2002-2020	25,030	-	(25,030)	-	-	-	-
1991 Series A	5/1/1991	7.10%-7.20%	2011-2022	2,020	-	(2,020)	-	-	-	-
1991 Series B	5/1/1991	7.35%-7.375%	2011-2021	505	-	(505)	-	-	-	-
1991 Series D	5/1/1991	9.75%	2022	3,180	-	(3,180)	-	-	-	-
1991 Series E	8/1/1991	6.45%-7.10%	2002-2028	10,020	-	(10,020)	-	-	-	-
1991 Series G	8/1/1991	6.85%-7.10%	2006-2023	1,265	-	(1,265)	-	-	-	-
1991 Series H	8/1/1991	9.60%	2033	4,765	-	(4,765)	-	-	-	-
1992 Series A	1/1/1992	6.10%-6.85%	2002-2033	13,130	-	(185)	(12,945)	-	-	-
1992 Series B	1/1/1992	5.90%-6.625%	2002-2022	1,720	-	(45)	(1,675)	-	-	-
1992 Series C	1/1/1992	9.05%	2033	6,145	-	(60)	-	6,085	-	6,085
1992 Series D	5/1/1992	6.10%-6.70%	2002-2027	10,790	-	(165)	(10,625)	-	-	-
1992 Series E	5/1/1992	6.10%-6.75%	2002-2033	1,115	-	(10)	(1,105)	-	-	-
1992 Series F	5/1/1992	8.375%-9.35%	2008-2024	7,085	-	(80)	-	7,005	-	7,005
1992 Series G	7/1/1992	6.55%	2019	7,175	-	(220)	(6,955)	-	-	-

Community Development Administration
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
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June 30, 2003 and 2002

NOTE F - BONDS PAYABLE (Continued)

	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at 6/30/2001	Bond Activity			Debt Outstanding at 6/30/2002	Discounts/premiums and other deferred costs	Bonds payable at 6/30/2002
					New bonds issued	Scheduled maturity payments	Redemptions			
Multi-Family Housing Revenue Bonds										
1993 Series A	12/1/1992	5.75%-6.625%	2003-2023	\$ 3,730	\$ -	\$ (110)	\$ -	\$ 3,620	\$ -	\$ 3,620
1993 Series B	12/1/1992	5.75%-6.65%	2003-2034	21,185	-	(530)	(175)	20,480	-	20,480
1993 Series C	12/1/1992	8.95%	2024	7,510	-	(105)	-	7,405	-	7,405
1993 Series D	3/1/1993	5.20%-6.05%	2003-2024	46,660	-	(1,635)	-	45,025	-	45,025
1993 Series E	3/1/1993	5.20%-6.05%	2003-2028	1,530	-	(25)	-	1,505	-	1,505
1993 Series F	3/1/1993	5.20%-6.05%	2003-2020	3,740	-	(110)	-	3,630	-	3,630
1993 Series G	3/1/1993	8.375%	2024	1,855	-	(30)	-	1,825	-	1,825
1993 Series H	8/1/1993	4.80%-5.60%	2003-2026	20,685	-	(495)	-	20,190	-	20,190
1993 Series I	8/1/1993	4.70%-5.60%	2002-2023	1,215	-	(35)	(50)	1,130	-	1,130
1993 Series J	8/1/1993	4.80%-5.75%	2002-2024	2,105	-	(50)	-	2,055	-	2,055
1993 Series K	8/1/1993	6.55%	2004	670	-	(215)	-	455	-	455
1994 Series A	2/1/1994	4.65%-5.45%	2004-2024	1,550	-	(35)	-	1,515	-	1,515
1994 Series B	2/1/1994	6.80%-7.90%	2009-2025	11,710	-	(195)	-	11,515	-	11,515
1994 Series C	9/1/1994	5.60%-6.75%	2003-2036	11,155	-	(135)	-	11,020	-	11,020
1994 Series D	9/1/1994	5.60%-6.65%	2003-2025	2,115	-	(50)	(75)	1,990	-	1,990
1994 Series E	9/1/1994	5.75%-6.85%	2003-2025	11,835	-	(220)	-	11,615	-	11,615
1994 Series F	9/1/1994	8.45%-9.55%	2004-2026	14,300	-	(195)	-	14,105	-	14,105
1995 Series A	4/1/1995	5.25%-6.70%	2003-2036	15,855	-	(140)	-	15,715	-	15,715
1995 Series B	12/1/1995	4.65%-5.80%	2003-2026	10,670	-	(235)	-	10,435	-	10,435
1995 Series C	12/1/1995	4.65%-5.80%	2003-2026	1,720	-	(35)	-	1,685	-	1,685
1995 Series D	12/1/1995	4.85%-5.90%	2003-2027	2,400	-	(45)	-	2,355	-	2,355
1998 Series A	11/1/1998	3.95%-5.15%	2003-2029	12,730	-	(285)	(2,705)	9,740	-	9,740
1998 Series B	11/1/1998	4.05%-5.25%	2003-2028	8,140	-	(250)	-	7,890	-	7,890
2001 Series A	10/1/2001	2.50%-5.10%	2003-2028	-	11,285	(320)	(105)	10,860	(236)	10,624
2001 Series B	10/1/2001	2.80%-5.35%	2003-2032	-	32,905	(605)	-	32,300	(1,017)	31,283
2002 Series A	3/1/2002	2.00%-5.40%	2003-2033	-	20,360	-	-	20,360	(458)	19,902
2002 Series B	3/1/2002	2.30%-5.60%	2003-2033	-	12,945	-	-	12,945	(424)	12,521
Total				\$ 319,289	\$ 77,495	\$ (6,850)	\$ (93,479)	\$ 296,455	\$ (2,135)	\$ 294,320

NOTE G - DEBT SERVICE REQUIREMENTS

As of June 30, 2003, the required principal payments for short-term debt and bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to year-end and excluding the effect of unamortized discounts/premiums and other deferred costs) and interest payments for each of the next five years and in 5-year increments thereafter, are as follows:

Community Development Administration
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE G - DEBT SERVICE REQUIREMENTS (Continued)

<u>Years ended June 30,</u>	<u>Interest</u>	<u>Principal</u>
2004	\$ 11,615	\$ 120,490
2005	10,288	7,145
2006	10,108	7,360
2007	9,904	7,530
2008	9,673	7,810
2009-2013	43,936	43,300
2014-2018	34,584	48,820
2019-2023	22,365	51,575
2024-2028	10,539	33,215
2029-2033	4,193	17,280
2034-2038	626	4,745
Totals	<u>\$ 167,831</u>	<u>\$ 349,270</u>

As of June 30, 2002, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to year-end and excluding the effect of unamortized discounts/premiums and other deferred costs) and interest payments for each of the next five years and in five-year increments thereafter, are as follows:

<u>Years ended June 30,</u>	<u>Interest</u>	<u>Principal</u>
2003	\$ 18,219	\$ 7,350
2004	17,869	7,675
2005	17,486	7,815
2006	17,085	8,240
2007	16,646	8,685
2008 - 2012	75,182	51,650
2013 - 2017	58,371	58,915
2018 - 2022	38,236	67,320
2023 - 2027	16,563	52,005
2028 - 2032	5,875	19,630
2033 - 2037	1,114	7,170
Totals	<u>\$ 282,646</u>	<u>\$ 296,455</u>

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE H - BOND REFUNDINGS

For current refundings of debt in an optional redemption, CDA replaces previously issued bonds with lower cost debt. This type of transaction is commonly known as an economic refunding. For the year ended June 30, 2003, the following table summarizes the economic refundings of the Fund:

Refunded Bonds	Refunding Bonds		
	2003 Series A	2003 Series B	2003 Series C
1992 Series C	\$ -	\$ -	\$ 3,490
1992 Series F	-	-	2,180
1993 Series A	3,510	-	-
1993 Series B	19,930	-	-
1993 Series C	-	-	7,285
1993 Series D	31,415	-	-
1993 Series E	1,480	-	-
1993 Series F	3,505	-	-
1993 Series G	-	-	1,795
1993 Series H	19,670	-	-
1993 Series I	1,015	-	-
1993 Series J	-	2,005	-
Subtotal	80,525	2,005	14,750
Cost of issuance	-	-	1,290
Redemption premiums	-	-	1,889
Interest payable on refunded bonds	-	-	1,198
Deposit to Debt Service Reserve Fund	-	-	873
Total issued	<u>\$ 80,525</u>	<u>\$ 2,005</u>	<u>\$ 20,000</u>

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE H - BOND REFUNDINGS (Continued)

For the year ended June 30, 2002, the following table summarizes the economic refundings of the Fund:

Refunded Bonds	Refunding Bonds			
	2001 Series A	2001 Series B	2002 Series A	2002 Series B
1989 Series B	\$ -	\$ 510	\$ -	\$ -
1990 Series A	-	7,265	-	-
1990 Series D	-	25,130	-	-
1991 Series E	10,020	-	-	-
1991 Series G	1,265	-	-	-
1992 Series A	-	-	-	12,945
1992 Series B	-	-	1,675	-
1992 Series D	-	-	10,625	-
1992 Series E	-	-	1,105	-
1992 Series G	-	-	6,955	-
Total issued	<u>\$ 11,285</u>	<u>\$ 32,905</u>	<u>\$ 20,360</u>	<u>\$ 12,945</u>

In economic refundings, CDA defers the difference between the reacquisition price (i.e., the principal of the old debt, plus the call premiums) and the net carrying amount of the old debt (i.e., the amount due at maturity, adjusted for any unamortized premium or discount and issuance costs related to the old debt) as an offset to the new bonds on the accompanying Balance Sheet, in accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities*. This deferral is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The amount of the deferral and the period of amortization for the economic refundings during the year ended June 30, 2003 are included in the chart below.

Refunding Bonds Issued	Amount of Refunding Bond	Deferred Amount on Refunding	Range of Amortization Period (Months)
2003 Series A	\$ 80,525	\$ 749	239 - 371
2003 Series B	2,005	31	239
2003 Series C	20,000	105	252 - 359
Totals	<u>\$ 102,530</u>	<u>\$ 885</u>	

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE H - BOND REFUNDINGS (Continued)

In Multi-Family Housing Revenue Bonds, (Insured Mortgage Loans) the refunding of 1993 Series A, 1993 Series B, 1993 Series D, 1993 Series E, 1993 Series F, 1993 Series H, 1993 Series I, and 1993 Series J with the proceeds of the 2003 Series A and 2003 Series B reduced the total debt service payments over the next 31 years by \$21,406 and resulted in an economic gain of \$16,197.

The refunding of Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 1992 Series C, 1992 Series F, 1993 Series C and 1993 Series G with the proceeds of the 2003 Series C reduced the total debt service payments over the next 30 years by \$8,778 and resulted in an economic gain of \$7,461 based upon an estimated variable rate of 2% over the life of the bonds.

The amount of the deferral and the period of amortization for the economic refundings during the year ended June 30, 2002 are included in the chart below:

<u>Refunding Bonds Issued</u>	<u>Amount of Refunding Bond</u>	<u>Deferred Amount on Refunding</u>	<u>Range of Amortization Period (Months)</u>
2001 Series A	\$ 11,285	\$ 241	258 - 317
2001 Series B	32,905	1,037	229 - 366
2002 Series A	20,360	461	205 - 373
2002 Series B	12,945	427	374
Totals	<u>\$ 77,495</u>	<u>\$ 2,166</u>	

The refunding of 1989 Series B, 1990 Series A, 1990 Series D, 1991 Series E and 1991 Series G with the proceeds of 2001 Series A and 2001 Series B reduced total debt service payments over the next 30 years by \$21,262 and resulted in an economic gain of \$11,368.

The refunding of 1992 Series A, 1992 Series B, 1992 Series D, 1992 Series E and 1992 Series G with the proceeds of 2002 Series A and 2002 Series B reduced total debt service payments over the next 31 years by \$9,087 and resulted in an economic gain of \$4,773.

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE I - REBATE LIABILITY

In accordance with the Internal Revenue Service Code (the Code), CDA has recorded a rebate liability for excess investment earnings in tax-exempt bond and note issues sold after 1981. The excess investment earnings arise due to actual investment yields earned by CDA being greater than yields permitted to be retained by CDA under the Code. The Code requires 90% of such excess investment earnings to be remitted to the United States Treasury every five years and in full at the final redemption of the bonds. The increase/decrease in fair value of investments on the Statement of Revenue, Expenses and Changes in Net Assets is reduced by the estimated rebate liability due to unrealized gains. CDA has no rebate liability from interest income or unrealized gains on mortgage-backed securities.

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

Rebate liability as of June 30, 2002	\$ 314
Change in estimated liability due to excess investment earnings	75
Change in estimated liability due to unrealized gains on investments	<u>359</u>
Rebate liability as of June 30, 2003	<u><u>\$ 748</u></u>

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	\$ 75
Estimated liability due to unrealized gains on investments	<u>673</u>
Rebate liability as of June 30, 2003	<u><u>\$ 748</u></u>

Rebate liability activity for the year ended June 30, 2002 was as follows:

Rebate liability as of June 30, 2001	\$ -
Increase due to unrealized gains on investments	<u>314</u>
Rebate liability as of June 30, 2002	<u><u>\$ 314</u></u>

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE I - REBATE LIABILITY (Continued)

Estimated liability due to unrealized gains on investments	\$ 314
Rebate liability as of June 30, 2002	\$ 314

NOTE J - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2003 were as follows:

	Beginning balance	Additions	Reductions	Less deferred amounts on refunding	Less due Within one year	Ending balance
Long-term bonds payable	\$ 286,970	\$ 102,530	\$ (40,230)	\$ (1,758)	\$ (120,490)	\$ 227,022
Rebate liability	314	434	-	-	(75)	673
Total long-term liabilities	\$ 287,284	\$ 102,964	\$ (40,230)	\$ (1,758)	\$ (120,565)	\$ 227,695

Changes in long-term obligations for the year ended June 30, 2002 were as follows:

	Beginning balance	Additions	Reductions	Less deferred amounts on refunding	Less due Within one year	Ending balance
Long-term bonds payable	\$ 319,289	\$ 77,495	\$ (100,329)	\$ (2,135)	\$ (7,350)	\$ 286,970
Rebate liability	-	314	-	-	-	314
Total long-term liabilities	\$ 319,289	\$ 77,809	\$ (100,329)	\$ (2,135)	\$ (7,350)	\$ 287,284

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE K - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in Multi-Family Housing Revenue Bonds (Insured Mortgage Loans) 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 CDA in current and future years

During the years ended June 30, 2003 and 2002, the Fund transferred the following amounts, as permitted among Funds:

	2003	2002
Excess revenue transferred to the General Bond Reserve Fund	\$ (2,099)	\$ (2,100)
Transfer to separate account in accordance with HUD agreement	(760)	(761)
	\$ (2,859)	\$ (2,861)

NOTE L - MORTGAGE INSURANCE

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

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

NOTE M - PENSION AND OTHER POST-RETIREMENT BENEFITS

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

Community Development Administration
Multi-Family Housing Revenue Bonds
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NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE N - SUBSEQUENT EVENTS

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

On July 24, 2003, CDA redeemed the following bonds:

1992 Series C	\$ 3,490
1992 Series F	\$ 2,180
1993 Series A	\$ 3,510
1993 Series B	\$19,930
1993 Series C	\$ 7,285
1993 Series D	\$31,415
1993 Series E	\$ 1,480
1993 Series F	\$ 3,505
1993 Series G	\$ 1,795
1993 Series H	\$19,670
1993 Series I	\$ 1,015
1993 Series J	\$ 2,005
1993 Series K	\$ 235
1994 Series B	\$11,310

On September 10, 2003, CDA redeemed the following bonds:

1993 Series D	\$ 4,685
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Community Development Administration
Multi-Family Housing Revenue Bonds
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SUPPLEMENTAL DISCLOSURES OF CHANGE IN FAIR VALUE OF
INVESTMENTS AND MORTGAGE-BACKED SECURITIES
(in thousands)
(unaudited)

June 30, 2003 and 2002

During fiscal year 1997, CDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 31. This statement requires the financial statements of CDA to reflect investments and mortgage-backed securities at fair value, and the increase or decrease in fair value is included on the Statements of Revenue, Expenses and Changes in Net Assets.

For investments held by CDA as of June 30, 2003, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and amortized cost:

Cumulative FY 1996 and prior periods	\$ 1,972
FY 1997	415
FY 1998	3,431
FY 1999	(2,009)
FY 2000	(154)
FY 2001	1,192
FY 2002	(668)
FY 2003	<u>755</u>
 Cumulative total	 <u><u>\$ 4,934</u></u>

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

Increase in fair value of investments held at June 30, 2003	\$ 755
Realized gains on investments sold	2,228
Less - reduction due to rebate liability (See Note I)	<u>(359)</u>
 Increase in fair value as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2003	 <u><u>\$ 2,624</u></u>

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

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

June 30, 2003 and 2002

For mortgage-backed securities held by CDA as of June 30, 2003, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and cost:

FY 2000	\$	(452)
FY 2001		1,358
FY 2002		812
FY 2003		884
		884
Cumulative total	\$	2,602

For investments held by CDA as of June 30, 2002, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and amortized cost:

Cumulative FY 1996 and prior periods	\$	1,972
FY 1997		415
FY 1998		3,431
FY 1999		(2,009)
FY 2000		(154)
FY 2001		1,192
FY 2002		(668)
		(668)
Cumulative total	\$	4,179

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

Decrease in fair value of investments held at June 30, 2002	\$	(668)
Realized gains on investments sold		1,673
Less - reduction due to rebate liability (See Note I)		(314)
		(314)
Increase in fair value as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2002	\$	691

Community Development Administration
Multi-Family Housing Revenue Bonds
(Insured Mortgage Loans)

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

June 30, 2003 and 2002

For mortgage-backed securities held by CDA as of June 30, 2002, the following schedule summarizes the increase/decrease in fair value for each of these years and the cumulative difference between fair value and cost:

FY 2000	\$ (452)
FY 2001	1,358
FY 2002	<u>812</u>
Cumulative total	<u><u>\$ 1,718</u></u>