

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY HOUSING REVENUE BONDS**

JUNE 30, 2012 AND 2011

Community Development Administration
Single Family 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 Single Family 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 Single Family 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 and for the years ended June 30, 2012 and 2011, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Community Development Administration Single Family 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.

Reznick Group, P.C.

Baltimore, Maryland
September 28, 2012

Community Development Administration
Single Family 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	\$ 24,341	\$ -
Cash and cash equivalents on deposit with US Bank	-	154,584
Mortgage-backed securities	5,489	-
Accrued interest receivables	734	-
Total restricted current assets	30,564	154,584
Restricted long-term assets		
Mortgage-backed securities, net of current portion	249,648	-
Deferred bond issuance costs	1,526	90
Total restricted long-term assets	251,174	90
Total restricted assets	\$ 281,738	\$ 154,674
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued interest payable	\$ 2,292	\$ 294
Bonds payable	5,875	154,290
Total current liabilities	8,167	154,584
Long-term liabilities		
Bonds payable, net of current portion	251,599	-
Total long-term liabilities	251,599	-
Total liabilities	259,766	154,584
NET ASSETS		
Restricted	21,972	90
Total liabilities and net assets	\$ 281,738	\$ 154,674

See notes to financial statements

Community Development Administration
Single Family Housing Revenue Bonds

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

Years ended June 30, 2012 and 2011

	2012	2011
Operating revenue		
Interest on mortgage-backed securities	\$ 5,885	\$ -
Interest income on cash equivalents	34	216
Other operating revenue	175	-
	6,094	216
Operating expenses		
Interest expense on bonds	4,417	216
Professional fees and other operating expenses	36	-
Amortization of bond issuance costs	28	-
	4,481	216
Operating income	1,613	-
Nonoperating revenue		
Increase in fair value of mortgage-backed securities	16,923	-
Total nonoperating revenue	16,923	-
Transfers of funds, as permitted by the various bond indentures	3,346	-
Change in net assets	21,882	-
Net assets - restricted at beginning of period	90	90
Net assets - restricted at end of period	\$ 21,972	\$ 90

See notes to financial statements

Community Development Administration
Single Family 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-backed securities	\$ 8,142	\$ -
Purchase of mortgage-backed securities	(88,074)	-
Transfer of mortgage-backed securities	(153,129)	-
Professional fees and other operating expenses	(36)	-
Other income received	175	-
	(232,922)	-
Net cash used in operating activities		
Cash flows from investing activities		
Interest received on cash equivalents	32	216
	32	216
Net cash provided by investing activities		
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	104,387	-
Payments on bond principal	(1,145)	-
Interest on bonds	(2,477)	-
Bond issuance costs	(1,464)	-
Transfers among Funds	3,346	-
	102,647	-
Net cash provided by noncapital financing activities		
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(130,243)	216
Cash and cash equivalents at beginning of year	154,584	154,368
Cash and cash equivalents at end of year	\$ 24,341	\$ 154,584

(continued)

Community Development Administration
Single Family 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 used in operating activities		
Operating income	\$ 1,613	\$ -
Adjustments to reconcile operating income to net cash used in operating activities		
Increase in assets		
Mortgage-backed securities	(238,214)	-
Accrued interest receivables	(734)	-
Increase in liabilities		
Accrued interest payable	1,998	216
Amortizations		
Bond original issue premiums	(58)	-
Deferred bond issuance costs	28	-
Interest received on cash equivalents	(32)	(216)
Interest on bonds	2,477	-
Net cash used in operating activities	\$ (232,922)	\$ -

See notes to financial statements

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2012 and 2011

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Single Family Housing Revenue Bonds pursuant to 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.

CDA entered into a Securitization Agreement on December 18, 2009 with the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), using federal legislative authority under the Housing and Economic Recovery Act of 2008 to provide affordable mortgage financing for individual households and multifamily rental properties. Subject to the Securitization Agreement, the New Issue Bond Program (NIBP) was created under which CDA will issue mortgage revenue Program Bonds, FNMA and FHLMC will securitize and issue securities for these bonds, and the United States Department of the Treasury (Treasury) will purchase these securities. Under the Single Family NIBP and pursuant to the Single Family Housing Revenue Bond Resolution (Resolution), CDA issued 2009 Series A bonds in the amount of \$154,290 as escrow bonds which will bear interest at a short-term rate until conversion to Program Bonds secured by mortgage loans or mortgage-backed securities backed by mortgage loans. The short-term rate will convert to a permanent fixed rate at time of conversion. The escrow bonds can be converted in up to six tranches prior to December 31, 2011, unless extended by the Treasury. CDA was required, at the time of each of the six conversions, to issue market bonds along with the issuance of Program Bonds, but not to exceed 40 percent of the total allocation of which the escrow bonds represent the 60 percent share. As of June 30, 2012, all 2009 Series A escrow bonds have been converted to Program Bonds.

The accompanying financial statements only include CDA's Single Family Housing Revenue Bonds (the Fund). CDA's other Funds are not included. However, CDA has also separately issued combined financial statements for the Revenue Obligation Funds and Infrastructure Program Funds, and financial statements for the Multi-Family Mortgage Revenue Bonds. The Fund was established to originate or purchase single family mortgage loans.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

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.

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.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents on Deposit

Cash equivalents for escrow bond proceeds were invested pursuant to the NIBP's Global Escrow Agreement. Cash equivalents for revenue bond proceeds 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.

Mortgage-Backed Securities

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

Accrued Interest Receivables

Accrued interest receivables include interest on mortgage-backed securities and investments.

Deferred Bond Issuance Costs

Costs incurred in issuing bonds are capitalized and amortized using the effective interest method for each respective bond issue.

Bonds Payable

Bonds payable are carried at their unpaid principal balances, net of original issue premiums. See Notes 4, 5, and 6 for additional information.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

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

Interest on Mortgage-Backed Securities

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

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 are reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

The employees of CDA are covered by the Maryland State Retirement and Pension System and the costs of employees' retirement benefits are included in the salaries and related costs charged to CDA's General Bond Reserve Fund. See Note 8 for additional information.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 periods. Actual results could differ from these estimates.

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

Revenue Bonds

Bond proceeds and revenues from mortgage-backed securities and investments are invested in authorized investments as defined in the Single Family Housing Revenue Bond Resolution (the Resolution) and in CDA's Investment Policy until required for purchasing mortgage-backed securities, funding reserves, paying bond debt service, 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.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2012, the Fund had \$24,341 invested in a money market mutual fund (Federated Prime Cash Obligations Fund), which is classified as cash and cash equivalents, and \$255,137 in Government National Mortgage Association (GNMA) mortgage-backed securities. The following represents the GASB evaluation of these assets for interest rate risk, credit risk, concentration of credit risk and custodial credit risk.

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.

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

Asset	Amortized cost	Fair value	Maturities (in years)				
			Less than 1	1 - 5	6 - 10	11 - 15	More than 15
Federated Prime Cash Obligations Fund	\$ 24,341	\$ 24,341	\$ 24,341	\$ -	\$ -	\$ -	\$ -
GNMA mortgage-backed securities	238,214	255,137	-	-	-	-	255,137
Total	<u>\$ 262,555</u>	<u>\$ 279,478</u>	<u>\$ 24,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 255,137</u>

The Federated Prime Cash Obligations Fund invests primarily in short-term, high-quality, fixed-income securities issued by banks, corporation and the U.S. Government. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As of June 30, 2012, the cost of this money market mutual fund approximated fair value.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

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

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Neither CDA's Investment Policy nor the Resolution requires investment agreements or deposits to be collateralized. CDA's Investment Policy places no limit on the amount that CDA may invest in any one issuer or counterparty. According to the 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, the rating on Single Family Housing Revenue Bonds was Aaa by Moody's Investors Service.

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	\$ 24,341	8.71%	Aaa		Moody's
Government National Mortgage Association Mortgage-backed securities	<u>255,137</u>	<u>91.29%</u>		Direct U.S. Obligations	
Total	<u>\$ 279,478</u>	<u>100.00%</u>			

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 3 - CASH, CASH EQUIVALENTS 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, 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.

Escrow Bonds

Escrow bond proceeds were deposited into 2009 Series A Escrow Fund and invested pursuant to the Global Escrow Agreement entered into by CDA with FNMA, FHLMC, and U.S. Bank National Association (US Bank), as escrow agent, within NIBP. The escrow bond proceeds were invested, pursuant to the Global Escrow Agreement, equally between four money market mutual funds and, if drawn, the investments were reduced in equal amounts, accordingly. As of June 30, 2012, all funds in the 2009 Series A Escrow Fund were drawn down to issue Program Bonds.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

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

As of June 30, 2011, the escrow bond proceeds, invested in money market mutual funds and held by US Bank, as the escrow agent, were invested equally in the following money market mutual funds:

Asset	Fair Value	Percentage Invested	Money Market Fund Rating		
			Moody's	Fitch	S&P
First American Funds Prime Obligations Class Z	\$ 38,646	25%	Aaa	AAA	AAAm
Fidelity Prime Obligations Class I	38,646	25%	Aaa	-	AAAm
Goldman Prime Obligations Institutional	38,646	25%	Aaa	AAA	AAAm
Blackrock Liquidity Funds TempFunds (Institutional)	<u>38,646</u>	25%	Aaa	-	AAAm
Total	<u>\$ 154,584</u>				

As of June 30, 2011, the cost of the money market mutual funds approximated fair value.

NOTE 4 - 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.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 4 - BONDS PAYABLE (Continued)

Revenue Bonds

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 prepayments. All outstanding bonds, except the 2009 Series 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, except the 2011 Series C bonds maturing March 1, 2027, which will be redeemed at a premium that maintains the same yield as the original purchase price thereof to be redeemed. The 2009 Series A-1 through A-3 bonds are subject to optional redemption, in whole or in part, in denominations of \$10 or any integral multiple thereof on the first day of each month, at a price equal to 100% of the principal amount thereof to be redeemed. All bonds are tax-exempt and have fixed interest rates.

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	Bond Activity			Debt	Bond premium deferred	Bonds
				outstanding at June 30, 2011	New bonds issued	Scheduled maturity payments	Escrow Bonds Reissued	outstanding at June 30, 2012		payable at June 30, 2012
Single Family Housing Revenue Bonds										
2009 Series A	12/30/09	Variable Rate	9/1/2041	\$ 154,290	\$ -	\$ -	\$ (154,290)	\$ -	\$ -	\$ -
2009 Series A-1	12/30/09	2.77%	9/1/2041	-	-	-	60,460	60,460	-	60,460
2011 Series A	08/24/11	0.375% - 4.25%	2012 - 2027	-	40,310	(1,145)	-	39,165	605	39,770
2009 Series A-2	12/30/09	2.32%	9/1/2041	-	-	-	60,000	60,000	-	60,000
2011 Series B	10/27/11	0.40% - 4.00%	2012 - 2027	-	40,000	-	-	40,000	474	40,474
2009 Series A-3	12/30/09	2.49%	9/1/2041	-	-	-	33,830	33,830	-	33,830
2011 Series C	12/15/11	0.20% - 4.50%	2012 - 2027	-	22,555	-	-	22,555	385	22,940
Total				\$ 154,290	\$ 102,865	\$ (1,145)	\$ -	\$ 256,010	\$ 1,464	\$ 257,474

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 4 - BONDS PAYABLE (Continued)

Escrow Bonds

CDA issued 2009 Series A escrow bonds in the amount of \$154,290 dated December 30, 2009. The bonds were taxable and bore interest at variable short-term rates until the escrow bonds were converted to Program Bonds with permanent fixed rates to fund mortgage loans and mortgage-backed securities backed by mortgage loans. As of June 30, 2011, all 2009 Series A bond proceeds were still in escrow. As of December 31, 2011, there are no outstanding escrow bonds. If any escrow bond proceeds had remained in the 2009 Series A Escrow Fund on January 1, 2012, such remaining proceeds had to be used to redeem the outstanding escrow bonds; otherwise, issued Program Bonds have a maturity date of September 1, 2041.

As of June 30, 2011, the required escrow bond principal payment for bonds was \$154,290 for the period ending June 30, 2012. As of June 30, 2012, there were no outstanding escrow bonds.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 5 - 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 4) 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	\$ 6,870	\$ 5,875
2014	6,836	5,910
2015	6,776	5,980
2016	6,690	6,065
2017	6,578	6,180
2018 - 2022	30,299	33,490
2023 - 2027	23,870	39,660
2028 - 2032	16,789	46,260
2033 - 2037	10,572	52,770
2038 - 2042	3,472	53,820
Total	\$ 118,752	\$ 256,010

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 6 - 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 at 6/30/2011	\$ 154,290	\$ 154,290
Additions	102,865	-
Reductions	(1,145)	-
Change in deferred amounts for issuance premiums	1,464	-
Ending balance at 6/30/2012	257,474	154,290
Less due within one year	(5,875)	(154,290)
Total long-term bonds payable	\$ 251,599	\$ -

NOTE 7 - INTERFUND ACTIVITY

In accordance with the Resolution, net assets in the Fund are restricted and pledged to bondholders. However, restricted assets may be transferred to other Funds, subject to the provisions of the Resolution. As of June 30, 2012, \$3,346 was transferred into the Fund from CDA's Residential Revenue Bonds to fund costs of issuance and other expenses. As of June 30, 2011, no transfers were made.

Community Development Administration
Single Family Housing Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2012 and 2011

NOTE 8 - 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 9 - 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. As of the report date, there were no subsequent events reported by CDA.