

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

**COMMUNITY DEVELOPMENT ADMINISTRATION
MULTI-FAMILY MORTGAGE REVENUE BONDS**

JUNE 30, 2014 AND 2013

Community Development Administration
Multi-Family Mortgage Revenue Bonds

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INDEPENDENT AUDITOR'S REPORT

Office of the Secretary
Department of Housing and Community Development

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Development Administration Multi-Family Mortgage 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, 2014 and 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of June 30, 2014 and 2013, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in Note 1, the financial statements present only the Community Development Administration Multi-Family Mortgage 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, 2014 and 2013, in conformity with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Baltimore, Maryland
September 30, 2014

Community Development Administration
Multi-Family Mortgage Revenue Bonds

STATEMENTS OF NET POSITION
(in thousands)

June 30, 2014 and 2013

	2014	2013
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit	\$ 24,261	\$ 27,622
Multi-family construction and permanent financing	1,442	1,077
Accrued interest and other receivables	495	494
Total restricted current assets	26,198	29,193
Restricted long-term assets		
Multi-family construction and permanent financing, net of current portion	133,319	128,577
Total restricted long-term assets	133,319	128,577
Total restricted assets	\$ 159,517	\$ 157,770
LIABILITIES AND NET POSITION		
Current liabilities		
Accrued interest payable	\$ 2,459	\$ 2,466
Bonds payable	1,695	1,285
Deposits by borrowers	2,064	2,223
Total current liabilities	6,218	5,974
Long-term liabilities		
Bonds payable, net of current portion	136,970	138,665
Deposits by borrowers, net of current portion	11,156	8,272
Total long-term liabilities	148,126	146,937
Total liabilities	154,344	152,911
NET POSITION		
Restricted	5,173	4,859
Total liabilities and net position	\$ 159,517	\$ 157,770

See notes to financial statements

Community Development Administration
Multi-Family Mortgage Revenue Bonds

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

Years ended June 30, 2014 and 2013

	2014	2013
Operating revenue		
Interest on mortgage loans	\$ 5,908	\$ 5,595
Interest income on cash equivalents	46	415
	5,954	6,010
Operating expenses		
Interest expense on bonds	4,922	4,976
Professional fees and other operating expenses	81	84
	5,003	5,060
Operating income	951	950
Transfers of funds, as permitted by the Resolution	(637)	-
CHANGE IN NET POSITION	314	950
Net position - restricted at beginning of year	4,859	3,909
Net position - restricted at end of year	\$ 5,173	\$ 4,859

See notes to financial statements

Community Development Administration
Multi-Family Mortgage Revenue Bonds

STATEMENTS OF CASH FLOWS
(in thousands)

Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Principal and interest received on mortgage loans	\$ 7,175	\$ 11,277
Escrow funds received	4,727	4,841
Escrow funds paid	(2,002)	(2,351)
Origination of mortgage loans	(6,392)	(18,646)
Professional fees and other operating expenses	(81)	(84)
Other reimbursements	-	(10)
	3,427	(4,973)
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Interest received on cash equivalents	63	454
	63	454
Net cash provided by investing activities		
Cash flows from noncapital financing activities		
Payments on bond principal	(1,285)	(5,595)
Interest on bonds	(4,929)	(5,018)
Transfers among Funds	(637)	-
	(6,851)	(10,613)
Net cash used in noncapital financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT	(3,361)	(15,132)
Cash and cash equivalents on deposit at beginning of year	27,622	42,754
Cash and cash equivalents on deposit at end of year	\$ 24,261	\$ 27,622

(continued)

Community Development Administration
Multi-Family Mortgage Revenue Bonds

STATEMENTS OF CASH FLOWS - CONTINUED
(in thousands)

Years ended June 30, 2014 and 2013

	2014	2013
Reconciliation of operating income to net cash provided by (used in) operating activities		
Operating income	\$ 951	\$ 950
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Increase in assets		
Multi-family mortgage loans	(5,107)	(12,919)
Accrued interest and other receivables	(1)	(6)
(Decrease) increase in liabilities		
Accrued interest payable	(7)	(42)
Accounts payable	-	(10)
Deposits by borrowers	2,725	2,490
Interest received on cash equivalents	(63)	(454)
Interest on bonds	4,929	5,018
Net cash provided by (used in) operating activities	\$ 3,427	\$ (4,973)

See notes to financial statements

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS
(in thousands)

June 30, 2014 and 2013

NOTE 1 - AUTHORIZING LEGISLATION AND PROGRAM DESCRIPTION

The Community Development Administration (CDA) is authorized to issue Multi-Family Mortgage 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 would issue mortgage revenue Program Bonds, FNMA and FHLMC would securitize and issue securities for these bonds, and the United States Department of the Treasury (Treasury) would purchase these securities. Under the Multifamily NIBP and pursuant to the Multi-Family Mortgage Revenue Bonds Resolution (Resolution), CDA had issued Series 2009 A bonds in the amount of \$92,040 as escrow bonds bearing 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 converted to a permanent fixed rate at the time of conversion. CDA had the option, at the time of each of the 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. At June 30, 2012, all Series 2009 A escrow bonds had been converted to Program Bonds.

The accompanying financial statements only include CDA's Multi-Family Mortgage 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 Single Family Housing Revenue Bonds. The Multi-Family Mortgage Revenue Bonds, Revenue Obligation Funds, Infrastructure Program Funds and Single Family Housing Revenue Bonds are enterprise funds of the State of Maryland and are included in the State of Maryland's Comprehensive Annual Financial report. The Fund was established to provide construction and permanent financing for multi-family housing projects.

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

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.

In accordance with accounting guidance issued by GASB, net position should be reported as restricted when constraints placed on net position use is either: externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation. Accordingly, the net position of the Fund is restricted as to its use as the net position is 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
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents on Deposit

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, 2014 and 2013, all of the Fund's cash equivalents were invested in a money market mutual fund which is more fully described in Note 3.

Mortgage Loans

Mortgage loans are carried at their unpaid principal balances. Any loan fees are recognized as revenue in the period received. See Notes 4 and 10 for additional information on mortgage loans and mortgage insurance, respectively.

Accrued Interest and Other Receivables

Accrued interest and other 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. See Note 5 for additional information.

Bonds Payable

Bonds payable are carried at their unpaid principal balances. See Notes 6, 7, and 8 for additional information.

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2014 and 2013, all mortgage loan yields were in compliance with the Code.

Interest on Mortgage Loans

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

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative Support

In addition to expenses incurred directly by the Fund, CDA receives certain support services from other divisions of DHCD. Support services and the operating expenses of CDA have been allocated to CDA's General Bond Reserve Fund and reported in the financial statements of CDA's Revenue Obligation Funds. The General Bond Reserve Fund records these expenses as invoiced by DHCD for the fiscal year.

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

Revenue and Expenses

CDA distinguishes operating revenue and expenses from nonoperating items in accordance with accounting guidance issued by GASB. Operating revenue and expenses are identified as those activities that are directly related to providing affordable housing in the State of Maryland. All of the Fund's activities are considered to be operating.

Use of Estimates

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

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS

Bond proceeds and revenues from mortgages and investments are invested in authorized investments as defined in the Multi-Family Mortgage Revenue Bonds Resolution (the Resolution) and in CDA's Investment Policy until required for originating mortgage loans, 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.

As of June 30, 2014 and 2013, the Fund had \$24,261 and \$27,622, respectively, invested in a money market mutual fund (Federated Prime Cash Obligations Fund). The money market mutual fund is classified as cash and cash equivalents. The following represents the GASB evaluation of this asset 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.

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. It is operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as amended. It can reasonably be expected to have a fair value that will be unaffected by interest rate changes because the interest rates are variable and the principal can be recovered on demand. As noted above, as of June 30, 2014 and 2013, the cost of the money market mutual fund approximated fair value.

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 3 - CASH AND CASH EQUIVALENTS (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, 2014 and 2013, the ratings on Multi-Family Mortgage Revenue Bonds were Aaa by Moody's Investors Service.

As of June 30, 2014 and 2013, the Federated Prime Cash Obligations Fund was rated AAAM by Standard and Poor's and Aaa by Moody's Investors Service.

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, 2014 and 2013, the Fund's investments were not subject to custodial credit risk under accounting guidance issued by GASB. The money market mutual fund is held in trust by the trustee, kept separate from the assets of the bank and from other trust accounts and is held in CDA's name.

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 4 - MORTGAGE LOANS

All of the Fund's mortgage loans are secured by first liens on the related property and fully insured or credit enhanced by Federal Housing Administration (FHA), Maryland Housing Fund (MHF), Federal Home Loan Mortgage Corporation (Freddie Mac), or bank letters of credit. As of June 30, 2014, interest rates on originated loans range from 4.05% to 4.55%, with remaining loan terms of approximately 37 years. At June 30, 2013, interest rates on originated loans ranged from 4.05% to 4.55%, with remaining loan terms ranging from 37 to 38 years.

NOTE 5 - ACCRUED INTEREST AND OTHER RECEIVABLES

Accrued interest and other receivables as of June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Accrued mortgage loan interest	\$ 495	\$ 477
Negative arbitrage due from mortgagors	-	17
	<u>\$ 495</u>	<u>\$ 494</u>

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

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, except the Series 2009 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. The Series 2009 A-1 through A-7 bonds are subject to optional redemption in minimum denominations of \$10 and integral multiples of \$10 in excess thereof, in whole or in part, from any source of funds, on the first business day of any month, at a redemption 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, 2014 and the bonds payable as of June 30, 2014:

	Issue dated	Range of interest rates	Range of maturities	Bonds payable at June 30, 2013	Bond Activity			Bonds payable at June 30, 2014
					New bonds issued	Scheduled maturity payments	Bonds redeemed	
Multi-Family Mortgage Revenue Bonds								
Series 2009 A-1	12/30/09	4.05%	7/1/2051	\$ 24,380	\$ -	\$ -	\$ -	\$ 24,380
Series 2010 A	07/22/10	1.25% - 4.25%	2013 - 2030	8,015	-	(305)	-	7,710
Series 2009 A-2	12/30/09	3.21%	7/1/2051	6,610	-	-	-	6,610
Series 2010 B	09/29/10	1.00% - 4.60%	2013 - 2045	16,540	-	(290)	-	16,250
Series 2009 A-4	12/30/09	3.37%	7/1/2051	10,760	-	-	-	10,760
Series 2010 D	12/02/10	1.25% - 5.00%	2013 - 2035	6,140	-	(200)	-	5,940
Series 2009 A-5	12/30/09	3.55%	7/1/2051	8,460	-	-	-	8,460
Series 2011 A	02/24/11	1.15% - 4.85%	2013 - 2026	2,095	-	(130)	-	1,965
Series 2009 A-6	12/30/09	3.55%	7/1/2051	13,230	-	-	-	13,230
Series 2011 B	05/25/11	0.875% - 4.55%	2013 - 2028	3,845	-	(210)	-	3,635
Series 2009 A-7	12/30/09	2.32%	7/1/2051	23,190	-	-	-	23,190
Series 2011 C	12/01/11	0.75% - 4.95%	2013 - 2051	16,685	-	(150)	-	16,535
Total				<u>\$ 139,950</u>	<u>\$ -</u>	<u>\$ (1,285)</u>	<u>\$ -</u>	<u>\$ 138,665</u>

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 6 - BONDS PAYABLE (Continued)

The following is a summary of the bond activity for the year ended June 30, 2013 and the bonds payable as of June 30, 2013:

	Issue dated	Range of interest rates	Range of maturities	Bonds payable at June 30, 2012	Bond Activity			Bonds payable at June 30, 2013
					New bonds issued	Scheduled maturity payments	Bonds redeemed	
Multi-Family Mortgage Revenue Bonds								
Series 2009 A-1	12/30/09	4.05%	7/1/2051	\$ 24,380	\$ -	\$ -	\$ -	\$ 24,380
Series 2010 A	07/22/10	0.85% - 4.25%	2012 - 2030	8,300	-	(285)	-	8,015
Series 2009 A-2	12/30/09	3.21%	7/1/2051	6,610	-	-	-	6,610
Series 2010 B	09/29/10	0.70% - 4.60%	2012 - 2045	16,730	-	(190)	-	16,540
Series 2009 A-4	12/30/09	3.37%	7/1/2051	10,760	-	-	-	10,760
Series 2010 D	12/02/10	0.75% - 5.00%	2012 - 2035	6,330	-	(190)	-	6,140
Series 2009 A-5	12/30/09	3.55%	7/1/2051	8,460	-	-	-	8,460
Series 2011 A	02/24/11	0.65% - 4.85%	2012 - 2026	2,190	-	(95)	-	2,095
Series 2009 A-6	12/30/09	3.55%	7/1/2051	13,230	-	-	-	13,230
Series 2011 B	05/25/11	0.75% - 4.55%	2013 - 2028	8,680	-	(2,375)	(2,460)	3,845
Series 2009 A-7	12/30/09	2.32%	7/1/2051	23,190	-	-	-	23,190
Series 2011 C	12/01/11	0.75% - 4.95%	2013 - 2051	16,685	-	-	-	16,685
Total				<u>\$ 145,545</u>	<u>\$ -</u>	<u>\$ (3,135)</u>	<u>\$ (2,460)</u>	<u>\$ 139,950</u>

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 7 - DEBT SERVICE REQUIREMENTS

As of June 30, 2014, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2014) 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
2015	\$ 4,911	\$ 1,695
2016	4,882	1,725
2017	4,845	1,790
2018	4,801	1,835
2019	4,750	1,880
2020 - 2024	22,752	10,535
2025 - 2029	20,464	12,895
2030 - 2034	17,444	15,985
2035 - 2039	14,054	19,490
2040 - 2044	10,328	23,440
2045 - 2049	5,898	27,820
2050 - 2054	1,115	19,575
Total	\$ 116,244	\$ 138,665

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 7 - DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2013, the required principal payments for bonds (including mandatory sinking fund payments and special and optional redemptions that occurred subsequent to June 30, 2013) 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
2014	\$ 4,929	\$ 1,285
2015	4,911	1,695
2016	4,882	1,725
2017	4,845	1,790
2018	4,801	1,835
2019 - 2023	23,106	10,150
2024 - 2028	20,990	12,360
2029 - 2033	18,100	15,310
2034 - 2038	14,731	18,775
2039 - 2043	11,133	22,625
2044 - 2048	6,827	26,885
2049 - 2053	1,918	25,515
Total	\$ 121,173	\$ 139,950

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 8 - LONG-TERM OBLIGATIONS

Changes in long-term obligations for the years ended June 30, 2014 and 2013 were as follows:

	<u>2014</u>	<u>2013</u>
Bonds payable		
Beginning balance at June 30, 2013	\$ 139,950	\$ 145,545
Additions	-	-
Reductions	<u>(1,285)</u>	<u>(5,595)</u>
Ending balance at June 30, 2014	138,665	139,950
Less due within one year	<u>(1,695)</u>	<u>(1,285)</u>
Total long-term bonds payable	<u>136,970</u>	<u>138,665</u>
Deposits by borrowers		
Beginning balance at June 30, 2013	10,495	8,005
Additions	4,727	4,841
Reductions	<u>(2,002)</u>	<u>(2,351)</u>
Ending balance at June 30, 2014	13,220	10,495
Less due within one year	<u>(2,064)</u>	<u>(2,223)</u>
Total long-term deposits by borrowers	<u>11,156</u>	<u>8,272</u>
Total long-term liabilities	<u>\$ 148,126</u>	<u>\$ 146,937</u>

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 9 - INTERFUND ACTIVITY

In accordance with the Resolution, net position in the Fund is 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, 2014 and 2013, the Fund transferred the following amounts, as permitted, among Funds:

	<u>2014</u>	<u>2013</u>
Transfer administrative fees on mortgage loans to the General Bond Reserve Fund	<u>\$ (637)</u>	<u>\$ -</u>

NOTE 10 - MORTGAGE INSURANCE

100% 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.

NOTE 11 - OTHER OUTSTANDING BONDS ISSUED BY CDA (UNAUDITED)

On September 29, 2010, CDA issued \$4,105 of Multi-Family Mortgage Revenue Bonds Series 2010 C. Also, on September 29, 2010, \$5,410 of Series 2009 A escrow bonds were released and issued as Series 2009 A-3. These bonds are non-parity bond issuances under the indenture and are secured by a Credit Enhancement Agreement with the Federal Home Loan Mortgage Corporation (Freddie Mac). During fiscal year 2013, Series 2010 C bonds, in the amount of \$4,105, were redeemed in full on December 3, 2012.

Community Development Administration
Multi-Family Mortgage Revenue Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2014 and 2013

NOTE 12 - PENSION AND OTHER POST-RETIREMENT BENEFITS

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

NOTE 13 - SUBSEQUENT EVENTS

Events that occur after the date of the statement of net position 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 position are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the date of the statement of net position require disclosure in the accompanying notes. Management evaluated the activity of CDA through September 30, 2014 (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.