FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY PROGRAM BONDS

JUNE 30, 2003 AND 2002

Community Development Administration
Single Family Program Bonds

TABLE OF CONTENTS

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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 Program Bonds (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 Single Family Program Bonds and do not purport to, and do not, present fairly the financial position of the Department of Housing and Community Development of the State of Maryland as of June 30, 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 Single Family Program Bonds 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.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Disclosures of Changes in Fair Value of Investments 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.

Reznick Fedder & Silverman

Baltimore, Maryland
September 26, 2003

Community Development Administration
Single Family Program Bonds

BALANCE SHEETS
(in thousands)

June 30, 2003 and 2002

	2003	2002
RESTRICTED ASSETS		
Restricted current assets		
Cash and cash equivalents on deposit with trustee	$ 50,406	$ 41,828
Investments	76,050	47,680
Single family mortgage loans	16,430	19,552
Accrued interest and other receivables	18,130	18,868
Due from other Funds	146	305
Total restricted current assets	161,162	128,233
Restricted long-term assets		
Investments, net of current portion	234,386	218,317
Single family mortgage loans, net of current portion	548,712	724,070
Deferred bond issuance costs	5,818	7,496
Total restricted long-term assets	788,916	949,883
Total restricted assets	$ 950,078	$ 1,078,116
LIABILITIES AND NET ASSETS		
Current liabilities		
Bonds payable	$ 86,375	$ 34,450
Accrued interest payable	10,467	13,230
Accounts payable	-	2
Rebate liability	1,919	308
Due to other Funds	-	3
Total current liabilities	98,761	47,993
Long-term liabilities		
Bonds payable, net of current portion	669,177	876,121
Rebate liability, net of current portion	23,123	16,777
Total long-term liabilities	692,300	892,898
Total liabilities	791,061	940,891
NET ASSETS		
Restricted	159,017	137,225
Total liabilities and net assets	$ 950,078	$ 1,078,116

See notes to financial statements

Community Development Administration
Single Family Program Bonds

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	$ 47,054	$ 58,778
Fee income	1,028	911
Other operating revenue	-	13
	48,082	59,702
Operating expenses		
Trustee, legal and mortgage servicing costs	3,277	4,049
Loss on foreclosure claims	345	374
Other operating expenses	57	-
	3,679	4,423
Operating income	44,403	55,279
Nonoperating revenue (expenses)		
Interest income, net of rebate	16,515	17,275
Interest expense on bonds	(46,948)	(57,584)
Amortization of bond issuance costs	(768)	(689)
Increase in fair value of investments, net of rebate	10,450	2,503
Loss on early retirement of debt	(1,671)	(1,080)
Total nonoperating revenue (expenses)	(22,422)	(39,575)
Transfers of funds, net, as permitted by the various bond indentures	(189)	(1,038)
CHANGES IN NET ASSETS	21,792	14,666
Net assets at beginning of year	137,225	122,559
Net assets at end of year	$ 159,017	$ 137,225

See notes to financial statements

Community Development Administration
Single Family Program Bonds

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	$ 217,685	$ 187,673
Mortgage insurance claims received	10,688	16,851
Foreclosure expenses paid	(1,655)	(1,797)
Other operating revenue received	-	15
Loan fees received	-	8
Purchase of mortgage loans	-	(10,342)
Trustee, legal and mortgage servicing costs	(3,277)	(4,049)
Other operating expenses paid	(57)	-
Reimbursements among Funds	(3)	14,218
Net cash provided by operating activities	223,381	202,577
Cash flows from investing activities		
Proceeds from maturities or sales of investments	206,458	161,150
Purchases of investments	(230,442)	(211,100)
Transfers of investments	-	42,760
Arbitrage rebates paid	(3,388)	(256)
Interest received on investments	18,249	18,990
Net cash (used in) provided by investing activities	(9,123)	11,544
Cash flows from noncapital financing activities		
Proceeds from sale of bonds	-	54,235
Payments on bond principal	(155,765)	(199,960)
Bond issuance costs	-	(1,582)
Interest on bonds	(49,726)	(59,999)
Transfers among Funds	(189)	(1,038)
Net cash used in noncapital financing activities	(205,680)	(208,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS ON DEPOSIT WITH TRUSTEE	8,578	5,777
Cash and cash equivalents on deposit with trustee at beginning of year	41,828	36,051
Cash and cash equivalents on deposit with trustee at end of year	$ 50,406	$ 41,828

(continued)

Community Development Administration
Single Family Program Bonds

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	$ 44,403	$ 55,279
Adjustments to reconcile operating income to net cash provided by operating activities		
Changes in assets and liabilities		
Decrease in mortgage loans	178,480	128,439
Decrease in accrued interest and other receivables	345	4,685
Decrease in due from other Funds	158	14,209
(Decrease) increase in due to other Funds	(3)	9
Decrease in accounts payable	(2)	(44)
Net cash provided by operating activities	$ 223,381	$ 202,577
Supplemental disclosure of noncash investing and noncapital financing activities		
Amortization of investment discounts and premiums	$ 234	$ 233
Amortization of bond original issue discounts and premiums	(15)	(16)
Increase in fair value of investments, net of rebate	(10,450)	(2,759)
Amortization of deferred bond issuance costs	768	689
Loss on early retirement of debt	1,671	1,080

See notes to financial statements

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 Single Family Program Bonds (the Fund). CDA's other funds are not included. The Fund was established to originate or purchase single family mortgage loans.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Fund is set up in accordance with CDA's enabling legislation and the Single Family Program General Bond Certificate (Certificate). 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.

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 or investments collateralized by 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. Investments are more fully described in Note C.

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. Any mortgage loan in foreclosure with a pending insurance claim is recorded as other receivables. See Notes D and L for additional information on mortgage loans and mortgage insurance, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Loan Losses

Substantially all the mortgage loans of the Fund are insured or guaranteed primarily 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 outstanding claims on insured mortgage loans and interest on investments. On insured single family loans, interest ceases to accrue after foreclosure. 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. However, in an economic refunding, CDA defers unamortized costs and redemption premiums as an offset to the new bonds as more fully described in Note H.

Due From (To) Other Funds

Due from (to) other funds records the pending transfers of cash between funds which is primarily a result of receipts due to one fund but received by another. Interfund activity is more fully described in Note K.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rebate Liability

Regulations governing the 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. 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

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

Fee Income

Single family commitment 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.

(in thousands)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

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 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. 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.

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, CASH EQUIVALENTS AND INVESTMENTS

Proceeds from bonds are invested in authorized investments as defined in the Certificate until required for purchasing or originating mortgage loans, funding reserves, redeeming outstanding bonds and notes, and funding program expenses. Authorized investments include obligations of the U.S. Treasury, U.S. Government agencies, 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 $50,406 and $41,828, respectively, invested in a money market mutual fund (ARK U.S. Government Cash Management Corporate II Class Fund) which is classified as cash and cash equivalents. 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 Investors Services.

As of June 30, 2003 and 2002, the cost of this money market mutual fund approximates fair value.

The money market mutual fund is not categorized by credit risk because it is not evidenced by securities that exist in physical or book entry form.

Investments

As of June 30, 2003 and 2002, $3,000 was held in certificates of deposit and is classified as investments. These certificates are insured by federal depository insurance, subject to maximum coverage, and are collateralized by securities held by the trustee in CDA's name.

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

Collateral for the Guaranteed Investment Contract (GIC) is held by the trustee's agent. The GIC has some funds invested at a fixed rate and the remainder of the funds invested at a variable rate. The GIC expires on April 1, 2018.

(in thousands)

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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
Certificates and other time deposits	$ 3,000	$ 3,000
Obligations of the U.S. Treasury	192,415	135,320
Guaranteed Investment Contract (GIC)	115,021	115,021
	$ 310,436	$ 253,341

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
Certificates and other time deposits	$ 3,000	$ 3,000
Obligations of the U.S. Treasury	181,110	142,020
Guaranteed Investment Contract (GIC)	81,887	81,887
	$ 265,997	$ 226,907

(in thousands)

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category of Risk

Investments are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, with securities held by CDA or its agent in CDA's name.
Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department in CDA's name.
Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in CDA's name.

All investments of the Fund are classified as Category 1.

NOTE D - MORTGAGE LOANS

Substantially all single family mortgage loans are secured by first liens on the related property and credit enhanced primarily through the FHA mortgage insurance programs, the Veterans Administration and USDA/RD guarantee programs and the Maryland Housing Fund. As of June 30, 2003, interest rates on such loans range from 4% to 13.9%, with remaining loan terms ranging from 6 to 29 years. As of June 30, 2002, interest rates on such loans range from 4% to 13.9%, with remaining loan terms ranging from 8 to 30 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	$ 6,132	$ 7,197
Accrued investment interest	4,045	4,438
Claims due from mortgage insurers	7,953	7,233
	$ 18,130	$ 18,868

(in thousands)

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 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 Certificate 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 certificates. The prescribed redemption prices range from 100% to 102% of the principal amount. All bonds have fixed interest rates.

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:

					Bond Activity					
	Issue dated	Range of interest rates	Range of maturities	Debt Outstanding at June 30, 2002	New bonds issued	Scheduled maturity payments	Redemptions	Debt Outstanding at June 30, 2003	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2003
Single Family Program Bonds										
1992 First Series	03/01/92	6.30%-6.75%	2003-2011	$ 3,445	$ -	$ -	$ (3,445)	$ -	$ -	$ -
1992 Second Series	03/01/92	6.55%-6.95%	2003-2011	10,050	-	-	(10,050)	-	-	-
1992 Third Series*	03/26/92	6.55%	2017	7,980	-	-	(7,980)	-	-	-
1992 Seventh Series	06/25/92	6.45%	2012	4,630	-	-	(4,630)	-	-	-
1992 Eighth Series	06/25/92	6.00%-6.80%	2003-2024	11,620	-	-	(11,620)	-	-	-
1993 Third Series	10/01/93	4.65%-5.30%	2003-2016	37,630	-	(3,005)	(4,220)	30,405	-	30,405
1994 First Series	03/01/94	5.20%-5.90%	2003-2017	41,230	-	(3,420)	(6,395)	31,415	(52)	31,363
1994 Fourth Series	05/01/94	5.65%-6.45%	2003-2014	36,745	-	(2,165)	-	34,580	-	34,580
1994 Fifth Series	05/01/94	5.70%-6.75%	2026	43,655	-	-	(9,765)	33,890	-	33,890
1994 Sixth Series	12/01/94	6.10%-7.05%	2003-2017	28,070	-	(1,415)	(6,345)	20,310	-	20,310
1994 Seventh Series	12/01/94	6.90%-7.30%	2019-2025	14,765	-	-	(14,765)	-	-	-
1994 Ninth Series**	12/22/94	5.00%-6.15%	2003-2019	19,370	-	(700)	-	18,670	-	18,670
1995 First Series	03/01/95	5.40%-6.25%	2003-2017	36,270	-	(1,790)	-	34,480	-	34,480
1995 Second Series	03/01/95	6.45%-6.55%	2017-2026	32,275	-	-	(9,550)	22,725	-	22,725
1995 Third Series	06/01/95	5.25%-6.25%	2003-2027	61,225	-	(1,180)	(955)	59,090	-	59,090
1995 Fourth Series	10/01/95	6.00%	2017	5,790	-	-	-	5,790	-	5,790
1995 Fifth Series	10/01/95	5.00%-6.20%	2003-2027	23,990	-	(615)	(1,230)	22,145	-	22,145
1996 Third Series	07/01/96	5.15%-6.25%	2003-2017	11,380	-	(585)	-	10,795	-	10,795
1996 Fourth Series	07/01/96	5.30%-6.45%	2003-2028	25,525	-	(135)	(3,480)	21,910	-	21,910
1996 Fifth Series	08/01/96	4.90%-5.95%	2003-2016	29,660	-	(1,410)	-	28,250	-	28,250
1996 Sixth Series	08/01/96	4.90%-6.25%	2022-2028	17,275	-	-	(6,240)	11,035	-	11,035
1997 First Series	08/01/97	4.70%-5.60%	2003-2018	99,015	-	(5,370)	(4,765)	88,880	38	88,918
1999 First Series	12/01/98	4.10%-5.25%	2003-2029	23,470	-	(475)	-	22,995	-	22,995
1999 Second Series	12/01/98	4.40%-5.00%	2009-2017	53,205	-	-	-	53,205	-	53,205
1999 Third Series	12/01/98	4.10%-5.125%	2003-2021	73,345	-	(2,120)	(6,805)	64,420	-	64,420
2000 First Series	03/01/00	4.80%-5.80%	2003-2017	27,320	-	(1,375)	(2,180)	23,765	(723)	23,042
2001 First Series	03/01/01	3.65%-5.00%	2003-2017	65,185	-	(3,285)	(5,115)	56,785	(1,516)	55,269
2001 Second Series	03/01/01	3.75%-4.80%	2003-2023	17,010	-	(630)	(1,525)	14,855	(416)	14,439
2002 First Series	02/01/02	4.45%-4.60%	2012-2013	4,495	-	-	-	4,495	(117)	4,378
2002 Second Series	02/01/02	2.80%-5.375%	2004-2024	49,740	-	-	(5,030)	44,710	(1,262)	43,448
Total				$ 915,365	$ -	$ (29,675)	$ (126,090)	$ 759,600	$ (4,048)	$ 755,552

* Remarketed on January 14, 1993

**Remarketed on November 9, 1995

(in thousands)

NOTE F - BONDS PAYABLE (Continued)

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 June 30, 2001	Bond Activity: New bonds issued	Bond Activity: Scheduled maturity payments	Bond Activity: Redemp- tions	Debt Outstanding at June 30, 2002	Discounts/ premiums and other deferred costs	Bonds payable at June 30, 2002
Single Family Program Bonds										
1991 Third Series	07/01/91	6.65%-7.25%	2002-2027	$ 31,395	$ -	$ (770)	$ (30,625)	$ -	$ -	$ -
1992 First Series	03/01/92	6.30%-6.75%	2003-2011	4,360	-	(575)	(340)	3,445	-	3,445
1992 Second Series	03/01/92	6.55%-6.95%	2003-2011	15,760	-	(2,975)	(2,735)	10,050	-	10,050
1992 Third Series*	03/26/92	6.55%	2017	8,335	-	(310)	(45)	7,980	-	7,980
1992 Fourth Series*	03/26/92	6.80%	2022	6,545	-	(80)	(6,465)	-	-	-
1992 Fifth Series	06/01/92	6.60%	2012	4,495	-	-	(4,495)	-	-	-
1992 Sixth Series	06/01/92	6.25%-6.80%	2002-2024	49,990	-	(1,100)	(48,890)	-	-	-
1992 Seventh Series	06/25/92	6.45%	2012	4,630	-	-	-	4,630	-	4,630
1992 Eighth Series	06/25/92	6.00%-6.80%	2003-2024	25,710	-	(625)	(13,465)	11,620	-	11,620
1993 Third Series	10/01/93	4.65%-5.30%	2003-2016	45,200	-	(2,875)	(4,695)	37,630	-	37,630
1994 First Series	03/01/94	5.20%-5.90%	2003-2017	53,685	-	(3,255)	(9,200)	41,230	(70)	41,160
1994 Fourth Series	05/01/94	5.65%-6.45%	2003-2014	38,295	-	(1,550)	-	36,745	-	36,745
1994 Fifth Series	05/01/94	5.70%-6.75%	2002-2026	51,065	-	(495)	(6,915)	43,655	-	43,655
1994 Sixth Series	12/01/94	6.10%-7.05%	2003-2017	29,405	-	(1,335)	-	28,070	-	28,070
1994 Seventh Series	12/01/94	6.90%-7.30%	2019-2025	23,170	-	-	(8,405)	14,765	-	14,765
1994 Ninth Series**	12/22/94	5.00%-6.15%	2003-2019	20,035	-	(665)	-	19,370	-	19,370
1995 First Series	03/01/95	5.40%-6.25%	2003-2017	37,970	-	(1,700)	-	36,270	-	36,270
1995 Second Series	03/01/95	6.45%-6.55%	2017-2026	37,400	-	-	(5,125)	32,275	-	32,275
1995 Third Series	06/01/95	5.25%-6.25%	2003-2027	63,050	-	(1,125)	(700)	61,225	-	61,225
1995 Fourth Series	10/01/95	6.00%	2017	5,790	-	-	-	5,790	-	5,790
1995 Fifth Series	10/01/95	5.00%-6.20%	2003-2027	26,125	-	(585)	(1,550)	23,990	-	23,990
1996 Third Series	07/01/96	5.15%-6.25%	2003-2017	11,935	-	(555)	-	11,380	-	11,380
1996 Fourth Series	07/01/96	5.30%-6.45%	2003-2028	27,935	-	(130)	(2,280)	25,525	-	25,525
1996 Fifth Series	08/01/96	4.90%-5.95%	2003-2016	30,400	-	(740)	-	29,660	-	29,660
1996 Sixth Series	08/01/96	4.90%-6.25%	2002-2028	21,615	-	(605)	(3,735)	17,275	-	17,275
1997 First Series	08/01/97	4.70%-5.60%	2003-2018	108,565	-	(5,135)	(4,415)	99,015	57	99,072
1999 First Series	12/01/98	4.10%-5.25%	2003-2029	23,925	-	(455)	-	23,470	-	23,470
1999 Second Series	12/01/98	4.40%-5.00%	2009-2017	53,205	-	-	-	53,205	-	53,205
1999 Third Series	12/01/98	4.10%-5.125%	2003-2021	83,155	-	(2,050)	(7,760)	73,345	-	73,345
2000 First Series	03/01/00	4.80%-5.80%	2003-2017	30,190	-	(1,310)	(1,560)	27,320	(857)	26,463
2001 First Series	03/01/01	3.65%-5.00%	2003-2017	66,495	-	-	(1,310)	65,185	(1,794)	63,391
2001 Second Series	03/01/01	3.75%-4.80%	2003-2023	21,260	-	-	(4,250)	17,010	(572)	16,438
2002 First Series	02/01/02	4.45%-4.60%	2012-2013	-	4,495	-	-	4,495	(127)	4,368
2002 Second Series	02/01/02	2.80%-5.375%	2004-2024	-	49,740	-	-	49,740	(1,431)	48,309
Total				$ 1,061,090	$ 54,235	$ (31,000)	$ (168,960)	$ 915,365	$ (4,794)	$ 910,571

* Remarketed on January 14, 1993
**Remarketed on November 9, 1995

(in thousands)

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 five-year increments thereafter, are as follows:

Years ended June 30,	Interest	Principal
2004	$ 39,861	$ 86,375
2005	36,939	32,665
2006	35,313	34,265
2007	33,598	39,005
2008	31,632	42,490
2009-2013	126,932	189,560
2014-2018	75,592	172,170
2019-2023	34,526	110,485
2024-2028	7,560	51,225
2029-2033	71	1,360
Totals	$ 422,024	$ 759,600

(in thousands)

NOTE G - DEBT SERVICE REQUIREMENTS (Continued)

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:

Years ended June 30,	Interest	Principal
2003	$ 51,628	$ 34,450
2004	49,464	37,630
2005	47,568	39,580
2006	45,490	37,160
2007	43,585	42,085
2008 - 2012	183,362	223,445
2013 - 2017	120,968	225,015
2018 - 2022	63,551	162,620
2023 - 2027	19,463	108,345
2028 - 2032	363	5,035
Total	$ 625,442	$ 915,365

NOTE H - BOND REFUNDINGS

Certain refundings of debt are due to the prepayments of single family mortgage loans. In these cases, CDA transfers the proceeds of the refunding bonds to a redemption account to redeem previously issued bonds and, simultaneously, transfers the prepayments of single family mortgage loans financed by these prior bonds to the refunding bonds' accounts for the purpose of originating new loans. This recycling of prepayments enables CDA to originate new loans that are not subject to the limitations of the IRS volume cap. CDA does not pay call premiums on these special redemptions, and the refundings are not undertaken to reduce interest rates, revise payment schedules or modify restrictions. CDA writes off any unamortized deferred issuance costs or original issue discounts, net of unamortized original issue premiums, as a loss in the accompanying Statements of Revenue, Expenses and Changes in Net Assets.

(in thousands)

NOTE H - BOND REFUNDINGS (Continued)

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. There were no economic refundings for this Fund for the year ended June 30, 2003.

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

	Refunding Bonds	
Refunded Bonds	2002 First Series	2002 Second Series
1992 Fifth Series	$ 4,495	$ -
1992 Sixth Series	-	49,740
Total	$ 4,495	$ 49,740

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 Sheets, 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 are included in the chart below.

Refunding Bonds Issued	Amount of Refunding Bond	Deferred Amount on Refunding	Range of Amortization Period (Months)
2002 First Series	$ 4,495	$ 130	122
2002 Second Series	49,740	1,448	266
Total	$ 54,235	$ 1,578	

Community Development Administration
Single Family Program Bonds

NOTES TO FINANCIAL STATEMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002

NOTE H - BOND REFUNDINGS (Continued)

The refunding of 1992 Fifth and 1992 Sixth Series with the proceeds of 2002 First and 2002 Second Series reduced total debt service payments over the next 22 years by $14,671 and resulted in an economic gain of $10,622.

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. Interest income on the Statements of Revenue, Expenses and Changes in Net Assets is reduced by the rebate liability due to excess investment earnings. The increase/decrease in fair value of investments on the Statements of Revenue, Expenses and Changes in Net Assets is reduced by the estimated rebate liability due to unrealized investment gains.

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

Rebate liability as of June 30, 2002	$	17,085
Changes in estimated liability due to excess investment earnings		1,106
Changes in estimated liability due to unrealized gains on investments		10,239
Less - payments made		(3,388)
Rebate liability as of June 30, 2003	$	25,042

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	3,080
Estimated liability due to unrealized gains on investments		21,962
Rebate liability as of June 30, 2003	$	25,042

(in thousands)

NOTE I - REBATE LIABILITY (Continued)

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

Rebate liability as of June 30, 2001	$	13,872
Increase due to excess investment earnings		1,237
Increase due to unrealized gains on investments		2,232
Less - payments made		(256)
Rebate liability as of June 30, 2002	$	17,085

Total rebate liability is allocated as follows:

Estimated liability due to excess investment earnings	$	4,397
Estimated liability due to unrealized gains on investments		12,688
Rebate liability as of June 30, 2002	$	17,085

NOTE J - LONG-TERM OBLIGATIONS

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

	Beginning balance	Additions	Reductions	Deferred amounts for issuance discounts	Deferred amounts on refunding	Due within one year	Ending balance
Long-term bonds payable	$ 876,121	$ -	$ (116,521)	$ (14)	$ (4,034)	$ (86,375)	$ 669,177
Rebate liability	16,777	11,345	(3,080)	-	-	(1,919)	23,123
Total long-term liabilities	$ 892,898	$ 11,345	$ (119,601)	$ (14)	$ (4,034)	$ (88,294)	$ 692,300

(in thousands)

NOTE J - LONG-TERM OBLIGATIONS (Continued)

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

	Beginning balance	Additions	Reductions	Deferred amounts for issuance discounts	Deferred amounts on refunding	Due within one year	Ending balance
Long-term bonds payable	$ 1,057,663	$ 54,235	$ (199,960)	$ (16)	$ (1,351)	$ (34,450)	$ 876,121
Rebate liability	13,872	3,469	(256)	-	-	(308)	16,777
Total long-term liabilities	$ 1,071,535	$ 57,704	$ (200,216)	$ (16)	$ (1,351)	$ (34,758)	$ 892,898

NOTE K - INTERFUND ACTIVITY

In accordance with the Certificate, net assets in Single Family Program Bonds are restricted and pledged to bondholders. However, restricted assets may be transferred to other funds, subject to the provisions of the Certificate. Generally, an officer of CDA must authorize such withdrawals and a cash flow analysis must demonstrate that sufficient monies remain in the indenture to meet the obligations of the Fund in the 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
Single family commitment fees transferred to the General Bond Reserve Fund	$ -	$ (8)
Cost of issuance on bonds transferred to Residential Revenue Bonds	(189)	(1,071)
Interest income due from Residential Revenue Bonds	-	41
	$ (189)	$ (1,038)

(in thousands)

NOTE K - INTERFUND ACTIVITY (Continued)

As of June 30, 2003 and 2002, interfund balances consisted of the following:

	2003	2002
Servicer receipts for participation loans due from Residential Revenue Bonds	$ 146	$ 305
Pending transfer of cash receipts due to the General Bond Reserve Fund	-	(3)
	$ 146	$ 302

NOTE L - MORTGAGE INSURANCE

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

For an FHA insured loan, the primary mortgage insurance covers an amount equal to the unpaid principal amount of the loan. All other loans have primary mortgage insurance in an amount that is at least 25% of the loan amount. Single family mortgagors pay the premiums for primary mortgage insurance. For any losses not covered by primary mortgage insurance, CDA has purchased pool insurance or established specific reserves. For each series of bonds, pool insurance coverage cannot exceed 10% of the amount of proceeds of the series of bonds. MHF has issued most of the pool insurance policies.

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.

(in thousands)

NOTE N - SUBSEQUENT EVENTS

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

Single Family Program Bonds

On September 2, 2003, CDA redeemed the following bonds:

1993 Third Series	$ 1,025
1994 First Series	$ 3,485
1994 Fifth Series	$ 3,675
1994 Sixth Series	$20,310
1995 Second Series	$ 2,850
1995 Third Series	$ 395
1995 Fifth Series	$ 410
1996 Fourth Series	$13,850
1996 Sixth Series	$ 1,330
1997 First Series	$ 1,375
1999 Third Series	$ 3,230
2001 Second Series	$ 1,310
2002 Second Series	$ 2,085

Community Development Administration
Single Family Program Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE IN
FAIR VALUE OF INVESTMENTS
(in thousands)

June 30, 2003 and 2002
(Unaudited)

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 at fair value, and the increase or decrease in fair value is included in the Statements of Revenue, Expenses and Changes in Net Assets.

For investments held by the Fund 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	$	28,537
FY 1997		3,461
FY 1998		18,225
FY 1999		(14,325)
FY 2000		(1,536)
FY 2001		1,356
FY 2002		3,372
FY 2003		18,005
Cumulative total	$	57,095

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

Increase in fair value of investments held at June 30, 2003	$	18,005
Realized gains on investments sold		2,684
Less - reduction due to rebate liability (see Note I)		(10,239)
Increase in fair value of investments as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2003	$	10,450

Community Development Administration
Single Family Program Bonds

SUPPLEMENTAL DISCLOSURES OF CHANGE IN
FAIR VALUE OF INVESTMENTS - CONTINUED
(in thousands)

June 30, 2003 and 2002
(Unaudited)

For investments held by the Fund 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	$	28,537
FY 1997		3,461
FY 1998		18,225
FY 1999		(14,325)
FY 2000		(1,536)
FY 2001		1,356
FY 2002		3,372
Cumulative total	$	39,090

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

Increase in fair value of investments held at June 30, 2002	$	3,372
Realized gains on investments sold		1,363
Less - reduction due to rebate liability (see Note I)		(2,232)
Increase in fair value of investments as reported on the Statements of Revenue, Expenses and Changes in Net Assets for the year ended June 30, 2002	$	2,503