

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2024

**OFFERED TAX-EXEMPT BONDS: NOT A NEW ISSUE;
REMARKETING OF PREVIOUSLY ISSUED BONDS**

Expected Ratings: Moody's S&P
Aaa AAA
(See "Ratings" herein)

Interest on the Offered Taxable Bonds is included in gross income for federal income tax purposes under the Code.

On the date of issuance of the Offered Tax-Exempt Bonds, Hawkins Delafield & Wood LLP, Bond Counsel to the Authority, delivered its opinion that under then-existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Offered Tax-Exempt Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Offered Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Offered Tax-Exempt Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. For more information concerning the tax treatment of the interest on the Offered Tax-Exempt Bonds, see "Tax Matters" herein.

Under the Virginia Housing Development Authority Act, income on the Offered Bonds, including any profit made on the sale thereof, is not included in taxable income for purposes of income taxation by the Commonwealth of Virginia and by the municipalities and all other political subdivisions of the Commonwealth of Virginia.

\$240,000,000*

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY
Commonwealth Mortgage Bonds**



**\$80,000,000* 2023 Series E-Non-AMT, Subseries E-2
\$160,000,000* 2024 Series B-Taxable**

Price: As Shown on Inside Cover Pages

Dated Date: Date of Delivery

Due: As Shown on Inside Cover Pages

Principal on the Offered Bonds is payable at maturity or prior redemption. Interest on the Offered Bonds commences to accrue on the date of delivery thereof and is payable semi-annually on each October 1 and April 1, commencing October 1, 2024. The Offered Bonds are subject to redemption including, but not limited to, sinking fund payments, without premium, prior to maturity as described herein.

The Offered Bonds are issued in \$5,000 denominations and in integral multiples thereof. The Offered Bonds will be initially available and may be purchased only in book-entry form through the facilities of the Depository Trust Company ("DTC"). U.S. Bank Trust Company, National Association, Minneapolis, Minnesota, is the Trustee.

The Offered Bonds are secured, equally and ratably with the Currently Outstanding Bonds and any Commonwealth Mortgage Bonds hereafter issued (except as otherwise described herein), by Mortgage Loans, Investment Obligations, Revenues and other Assets of the Authority pledged thereto, and are general obligations of the Authority, subject to agreements heretofore or hereafter made with owners of Authority obligations other than Owners, all as more fully described herein.

The Authority has no taxing power. The Commonwealth Mortgage Bonds do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia, and the Commonwealth of Virginia shall not be liable thereon, nor shall the Commonwealth Mortgage Bonds be payable out of any funds other than those of the Authority.

The Offered Tax-Exempt Bonds are re-offered for delivery when, as and if the conditions precedent to the conversion of the interest rates thereon and the remarketing thereof are satisfied, subject to prior sale, or withdrawal or modification of the offer without notice. At the time of the issuance of the Offered Tax-Exempt Bonds on December 14, 2023, the Approving and Tax Opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, as more fully described in "Legal Matters" and "Tax Matters" herein was delivered. The Offered Taxable Bonds are offered when, as and if issued, subject to prior sale, or withdrawal or modification of the offer without notice. The Offered Taxable Bonds are offered subject to the receipt of the Approving Opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, as more fully described in "Legal Matters" and "Tax Matters" herein. Certain legal matters will be passed upon for the Remarketing Agents and Underwriters by their counsel, Kutak Rock LLP, Washington, D.C. It is expected that the Offered Bonds will be available for delivery through DTC in New York, New York on or about May 29, 2024*.

Wells Fargo Securities

BofA Securities

Morgan Stanley

Raymond James

May ..., 2024

* Preliminary, subject to change.

Maturity Schedule*
Virginia Housing Development Authority
Commonwealth Mortgage Bonds

\$80,000,000 2023 Series E-Non-AMT, Subseries E-2 – Price: 100%

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Serial or Term</u>	<u>Interest Rate</u>	<u>CUSIP**</u>
October 1, 2025	\$960,000	Serial		
April 1, 2026	975,000	Serial		
October 1, 2026	1,065,000	Serial		
April 1, 2027	1,120,000	Serial		
October 1, 2027	1,120,000	Serial		
April 1, 2028	1,130,000	Serial		
October 1, 2028	1,130,000	Serial		
April 1, 2029	1,135,000	Serial		
October 1, 2029	1,135,000	Serial		
April 1, 2030	1,135,000	Serial		
October 1, 2030	1,145,000	Serial		
April 1, 2031	1,150,000	Serial		
October 1, 2031	1,160,000	Serial		
April 1, 2032	1,170,000	Serial		
October 1, 2032	1,170,000	Serial		
April 1, 2033	1,175,000	Serial		
October 1, 2033	1,190,000	Serial		
April 1, 2034	1,190,000	Serial		
October 1, 2034	1,210,000	Serial		
April 1, 2035	1,215,000	Serial		
October 1, 2035	1,225,000	Serial		
April 1, 2036	1,230,000	Serial		
October 1, 2036	1,250,000	Serial		
October 1, 2039	7,705,000	Term		
October 1, 2044	13,955,000	Term		
October 1, 2049	15,720,000	Term		
October 1, 2054	16,235,000	Term		

* The maturity dates and principal amounts of the Offered Tax-Exempt Bonds, and whether they are serial or term bonds, are all preliminary and subject to change.

** CUSIP is a registered trademark of the American Bankers Association. See also “CUSIP Numbers” in “Description of the Offered Bonds” in Part I.

Maturity Schedule*
Virginia Housing Development Authority
Commonwealth Mortgage Bonds

\$160,000,000 2024 Series B-Taxable

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Serial or Term</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP**</u>
October 1, 2025	\$1,465,000	Serial			
April 1, 2026	1,735,000	Serial			
October 1, 2026	1,920,000	Serial			
April 1, 2027	2,115,000	Serial			
October 1, 2027	2,170,000	Serial			
April 1, 2028	2,170,000	Serial			
October 1, 2028	2,180,000	Serial			
April 1, 2029	2,190,000	Serial			
October 1, 2029	2,200,000	Serial			
April 1, 2030	2,215,000	Serial			
October 1, 2030	2,220,000	Serial			
April 1, 2031	2,235,000	Serial			
October 1, 2031	2,240,000	Serial			
April 1, 2032	2,250,000	Serial			
October 1, 2032	2,270,000	Serial			
April 1, 2033	2,290,000	Serial			
October 1, 2033	2,300,000	Serial			
April 1, 2034	2,325,000	Serial			
October 1, 2034	2,330,000	Serial			
October 1, 2039	24,530,000	Term			
October 1, 2044	27,270,000	Term			
October 1, 2049	31,105,000	Term			
October 1, 2054	36,275,000	Term			

* The maturity dates and principal amounts of the Offered Taxable Bonds, and whether they are serial or term bonds, are all preliminary and subject to change.

** CUSIP is a registered trademark of the American Bankers Association. See also "CUSIP Numbers" in "Description of the Offered Bonds" in Part I.

No dealer, broker, salesman or other person has been authorized by the Authority or the Remarketing Agents and Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized. There shall not be any offer, solicitation or sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Information set forth herein has been furnished by the Authority and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by the Remarketing Agents and Underwriters. Unless specified otherwise, websites referred to herein and the information or links contained in such websites are not incorporated into, and are not part of, this Official Statement.

The information and expressions of opinion herein speak as of their date unless otherwise noted and are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the dates as of which information is given herein. The Remarketing Agents and Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agents and Underwriters do not guarantee the accuracy or completeness of such information.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
PART I – THE OFFERED BONDS	1	Ginnie Mae Financing	29
INTRODUCTION	1	Fannie Mae Financing	29
DESCRIPTION OF THE OFFERED BONDS	3	Freddie Mac Financing	30
Special Redemption	3	FHA and VA Streamline Refinance Programs	30
Optional Redemption	4	RD Single Close Construction Loan Pilot	30
Sinking Fund Redemption	4	Single Family Mortgage Loan Origination Procedures and Underwriting	
Selection of Bonds for Redemption	5	Criteria	30
Notice to Owners	6	Servicing of Single Family Mortgage Loans	32
Purchase	6	Loan Modifications	32
CUSIP Numbers	6	Declining Markets; Risk of Loss	33
Mortgage Loans Expected to be Financed with the Offered Bonds	6	Data on Single Family Mortgage Loans	34
SECURITY	7	Future Funding of the Single Family Program	34
Pledge of Assets	7	Other Support for Single Family Borrowers Currently Offered	34
Mortgage Loans	7	THE MULTI-FAMILY PROGRAM	35
Investment Obligations	8	General	35
Exchange Agreements, Enhancement Agreements and Other Financial		Federal Programs and Requirements	36
Agreements	8	Requirements Applicable to Developments Financed by Tax-Exempt AMT	
Sources of Payment	8	Bonds and Tax-Exempt Non-AMT Bonds	37
Amendments to Resolution; Commonwealth Mortgage Bonds Acquired by the		Requirements Applicable to Developments Financed by Transitioned 1954	
Authority	9	Code Tax-Exempt Non-AMT Bonds	37
General Obligations of the Authority	9	Authority Income Limits	38
Other Bond Resolutions	10	Economically Mixed Multi-Family Developments	38
WITHDRAWAL OF ASSETS; LIMITED OPERATING COVENANTS	11	Underwriting	39
SUMMARY OF CERTAIN PROVISIONS OF THE CURRENT		Commitment and Initial Closing	39
RESOLUTION	11	Construction	39
Definitions	12	Final Closing and Certifications	40
Assets and the Pledge Thereof	16	Permanent Financing	40
Authorization	16	Regulation and Management	40
Application of Assets for Payment of Bond Amounts	16	Delinquencies and Foreclosures; Risk of Loss; Forbearance	41
Withdrawal, Transfer, Sale, Exchange and Modification of Assets	16	MISCELLANEOUS PROGRAMS	42
Revenue Test	17	CERTAIN PROGRAMMATIC CONSIDERATIONS	42
Investment of Funds	17	Geographic Concentration in Virginia	42
Covenants	17	Changes in Federal or State Law and Programs	43
Incurrence of Additional Obligations Payable from Assets	17	Prepayments	43
Amendments	17	PART III – GENERAL INFORMATION ABOUT THE AUTHORITY	44
Defeasance	18	History and Location	44
Trustee	19	Commissioners	44
Events of Default	19	Management Structure; Principal Staff Officers	44
Remedies	19	Program Funds	45
Record Dates	20	Summary of Revenues, Expenses, and Net Position	45
Registration	20	Prior and Anticipated Financings of the Authority	45
Law Applicable	21	Investments	47
TAX MATTERS	21	The Common Fund	47
Federal Taxes – Offered Tax-Exempt Bonds	21	General Fund and Other Net Assets	47
Backup Withholding and Information Reporting	22	Information Security	48
Federal Taxes – Offered Taxable Bonds	22	Climate Change	48
Original Issue Discount	23	Business Disruption Risk	49
Bond Premium	23	Appendix A – Financial Statements	
Disposition and Defeasance	23	Appendix B – Data on Single Family Mortgage Loans	
Backup Withholding and Information Reporting	23	Appendix C – Additional Information Concerning Single Family Mortgage	
U.S. Holders	23	Insurance Policies and Guarantees	
Virginia Taxes	24	Appendix D – Certain Federal Income Tax Matters Relating to Single	
Proposed Legislation and Other Matters	24	Family Mortgage Loan Programs	
CONTINUING DISCLOSURE	24	Appendix E – Developments and Authority Property Financed by Rental	
LEGAL MATTERS	24	Housing Bonds	
REMARKETING AND UNDERWRITING	24	Appendix F – Information Concerning Federal Multi-Family Housing	
RATINGS	25	Programs and Requirements	
MUNICIPAL ADVISOR	26	Appendix G – Description and Procedures of DTC	
LITIGATION	26	Appendix H – Summary of Certain Provisions of the Continuing Disclosure	
LEGAL INVESTMENT	26	Agreement	
MISCELLANEOUS	26	Appendix I – Approving and Tax Opinion of Hawkins Delafield & Wood	
PART II – SUMMARY OF PROGRAMS	27	LLP, for the Offered Tax-Exempt Bonds delivered on	
THE SINGLE FAMILY PROGRAM	27	December 14, 2023	
First Mortgage Loans	28	Appendix J – Proposed Form of Approving Opinion of Hawkins Delafield &	
Second Mortgage Loans	28	Wood LLP, for the Offered Taxable Bonds	
Community Land Trusts	28	Appendix K – Proposed Form of Conversion Opinion of Hawkins Delafield	
Mortgage Loan Insurance	28	&amp Wood LLP, for the Offered Tax-Exempt Bonds	
Financing of Single Family Mortgage Loans	29		

OFFICIAL STATEMENT

PART I – THE OFFERED BONDS

INTRODUCTION

Certain adverse external events, such as pandemics (including, without limitation, the global outbreak of the coronavirus which the World Health Organization named COVID-19 (“COVID-19”), natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority’s ability to conduct its business and adversely affect the performance of the mortgage loans owned or serviced by the Authority. See “Business Disruption Risk” in “Part III – General Information About the Authority.”

Capitalized terms used in this Official Statement, unless otherwise herein defined, shall have the meanings set forth in the bond resolution adopted by the Virginia Housing Development Authority (the “Authority”) on July 15, 1986, as amended, supplemented and restated to the date of delivery of the Offered Bonds, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the “Current Resolution”) authorizing the issuance and sale of the Commonwealth Mortgage Bonds. The Current Resolution, as hereafter modified, amended or supplemented from time to time, is referred to herein as the “Resolution.” See “Definitions” in “Summary of Certain Provisions of the Current Resolution” for definitions of certain of such capitalized terms in the Current Resolution. Unless the context otherwise requires, the following terms are used in this Official Statement to refer to the Commonwealth Mortgage Bonds listed below.

<u>Term</u>	<u>Referenced Bonds</u>
“Commonwealth Mortgage Bonds”	Currently Outstanding Bonds (including the Offered Tax-Exempt Bonds and the other Series CE Bonds), the Offered Taxable Bonds and any bonds hereafter issued under the Resolution
“Currently Outstanding Bonds”	Bonds previously issued under the Resolution and presently Outstanding as of the date of this Official Statement, including the Offered Tax-Exempt Bonds and the other Series CE Bonds
“Offered Tax-Exempt Bonds”	Subseries E-2 Bonds
“Offered Taxable Bonds”	Series B Bonds
“Offered Bonds”	Subseries E-2 Bonds and Series B Bonds
“Series B Bonds”	Commonwealth Mortgage Bonds, 2024 Series B-Taxable
“Series CE Bonds”	Series C Bonds and Series E Bonds
“Series C Bonds”	Commonwealth Mortgage Bonds, 2023 Series C-Non-AMT
“Series E Bonds”	Subseries E-I Bonds, Subseries E-II Bonds, Subseries E-1 Bonds and Subseries E-2 Bonds
“Subseries E-1 Bonds”	Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-1
“Subseries E-2 Bonds”	Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-2
“Subseries E-I Bonds”	Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-I
“Subseries E-II Bonds”	Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-II
“Taxable Bonds”	Bonds, including the Offered Taxable Bonds, on which interest is included in gross income for federal income tax purposes
“Tax-Exempt AMT Bonds”	Tax-Exempt Bonds on which the interest is treated as a preference item in determining the tax liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code (as herein defined)
“Tax-Exempt Bonds”	Bonds, including the Offered Tax-Exempt Bonds, on which interest is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code
“Tax-Exempt Non-AMT Bonds”	Tax-Exempt Bonds, including the Offered Tax-Exempt Bonds, on which the interest is not treated as a preference item in determining the tax

liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code (but is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax)

“Transitioned 1954 Code Tax-Exempt Non-AMT Bonds” ...Tax-Exempt Bonds on which the interest is not treated as a preference item in determining the tax liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code and under prior law was included in the adjusted current earnings of corporations for purposes of the alternative minimum tax (but is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax)

This Official Statement is being distributed by the Authority to furnish pertinent information in connection with the re-offering of the Offered Tax-Exempt Bonds and the initial offering of the Offered Taxable Bonds. The Offered Tax-Exempt Bonds are being re-offered hereby pursuant to the Virginia Housing Development Authority Act (the “Act”), the Current Resolution, the Bond Limitations Resolution adopted by the Authority on April 25, 2023 and the Written Determinations as to the terms of the Offered Tax-Exempt Bonds. The Offered Taxable Bonds are being offered hereby pursuant to the Act, the Current Resolution, the Bond Limitations Resolution adopted by the Authority on April 25, 2023 and the Written Determinations as to the terms of the Offered Taxable Bonds. In connection with the prior issuance of Commonwealth Mortgage Bonds, the Authority has adopted Bond Limitations Resolutions and has executed Written Determinations. The Current Resolution, as so amended, modified and supplemented to the date of delivery of the Offered Bonds by such Bond Limitations Resolutions and Written Determinations is referred to herein as the “Commonwealth Mortgage Bonds Resolution.”

The Authority adopted the Current Resolution to issue Commonwealth Mortgage Bonds, including the Offered Bonds, for the principal purpose of funding its single family program (see “The Single Family Program”). The Offered Bonds are secured equally and ratably with the Currently Outstanding Bonds and any additional Commonwealth Mortgage Bonds hereafter issued under the Resolution. The Authority anticipates that additional parity Commonwealth Mortgage Bonds will be issued in the future. The Current Resolution also permits the Authority to execute Exchange Agreements (such as swap agreements), Enhancement Agreements (such as agreements related to bond insurance) and Other Financial Agreements under which the Authority’s obligations are payable from Assets on a parity basis with the Commonwealth Mortgage Bonds (see “Exchange Agreements, Enhancement Agreements and Other Financial Agreements” in “Security”).

On December 14, 2023, the Authority issued \$405,000,000 of its Series CE Bonds. The Series C Bonds in the amount of \$50,000,000 were issued bearing fixed interest rates. The Series E Bonds in the amount of \$355,000,000 were issued in two subseries, the Subseries E-I Bonds in the amount of \$200,000,000 and the Subseries E-II Bonds in the amount of \$155,000,000, bearing variable interest rates and subject to mandatory tender (the “COB Bonds”). A portion of the Subseries E-I Bonds in the amount of \$80,000,000 was remarketed on March 28, 2024 and redesignated as Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-1. A portion of the remaining Subseries E-I Bonds in the amount of \$80,000,000 is subject to mandatory tender on May 29, 2024*. On and after such tender date, such portion of the COB Bonds that have been remarketed on May 29, 2024 will be redesignated as Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-2 which bonds will be the Offered Tax-Exempt Bonds. In this Official Statement, all references to “date of delivery” and “date of delivery of the Offered Bonds” and “date of delivery of the Offered Tax-Exempt Bonds” shall mean the tender date referenced in this paragraph. The COB Bonds so redesignated will bear interest at rates fixed to maturity (or prior redemption).

The Offered Tax-Exempt Bonds are Tax-Exempt Non-AMT Bonds. The Code imposes substantial requirements with respect to Tax-Exempt Bonds, and the Mortgage Loans financed, in whole or in part, with proceeds of such Tax-Exempt Bonds which must be satisfied for the interest on such Tax-Exempt Bonds to be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The Authority has established procedures under which the Authority expects such Code requirements can be met (see “Tax Matters”). The Series C Bonds, the Offered Tax-Exempt Bonds and the other Series E Bonds were issued pursuant to a common plan and treated as a composite issue for purposes of the Code. Failure to comply with federal tax requirements with respect to the Series C Bonds, the Offered Tax-Exempt Bonds or the other Series E Bonds may cause interest on the Offered Tax-Exempt Bonds to be included in gross income for federal income tax purposes (see “Tax Matters” below).

U.S. Bank Trust Company, National Association, Minneapolis, Minnesota, is the Trustee. Except in the event of the occurrence and continuance of an Event of Default, the Authority may remove and replace the Trustee and may serve in the capacity of Trustee.

The summaries of and references herein to the Act, the Resolution, the Current Resolution, and the Commonwealth Mortgage Bonds Resolution and other documents and materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the

* Preliminary, subject to change.

Resolution, the Current Resolution, and the Commonwealth Mortgage Bonds Resolution and such other documents and materials for the complete provisions thereof.

DESCRIPTION OF THE OFFERED BONDS

The proceeds of the Offered Bonds are expected to be used to finance Mortgage Loans, alone or in combination with available Assets and proceeds of other Tax-Exempt Bonds and Taxable Bonds. Notwithstanding such expectation, the Authority reserves the right to apply the proceeds of the Offered Bonds in any manner consistent with the provisions of the Resolution and the Code.

The Offered Tax-Exempt Bonds shall be re-offered and the Offered Taxable Bonds shall be issued in the aggregate principal amounts and shall mature in the amounts and on the dates set forth on the inside cover pages hereof. The Offered Bonds are issued in \$5,000 denominations and in integral multiples thereof. Interest on the Offered Bonds shall commence to accrue on their date of delivery and shall be payable semi-annually on the dates set forth on the front cover hereof at the interest rates set forth on the inside cover pages hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Principal and interest on the Offered Bonds shall be payable to the Owner thereof as described in “Application of Assets for Payment of Bond Amounts” in “Summary of Certain Provisions of the Current Resolution” below.

The Record Date for the payment of scheduled principal (including Sinking Fund Installments) and interest on the Offered Bonds shall be the 15th day of the month immediately preceding the month in which such scheduled principal or interest payment is to occur. The Record Date for the payment of principal and interest upon special or optional redemption shall be the date DTC receives notice of redemption from the Trustee.

The Offered Bonds will be initially available and may be purchased only in book-entry form through the facilities of DTC. Accordingly, for the purposes of the Resolution, the Owner of the Offered Bonds shall be DTC’s partnership nominee, Cede & Co., and all references herein to the Owners of the Offered Bonds shall refer to Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Offered Bonds (see Appendix G).

For every exchange or transfer of the Offered Bonds, the Authority or the Trustee may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

Special Redemption*

The Offered Bonds are subject to special redemption, at the option of the Authority, either in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof, on any one or more dates from (1) excess Revenues deposited in and other moneys transferred to the revenue fund under the Bond Resolution after required transfers therefrom to other funds have been made for the payment of the Bond Obligation and (2) any moneys held under the Bond Resolution in any mortgage loan account or mortgage loan purchase account which the Authority determines will not be used to make or purchase Mortgage Loans, including original proceeds of the Offered Bonds, the Currently Outstanding Bonds and any additional Commonwealth Mortgage Bonds hereafter issued. Excess Revenues include amounts which may be derived from the Offered Bonds, the Currently Outstanding Bonds and any additional Commonwealth Mortgage Bonds hereafter issued, and such amounts may be applied to the redemption of the Offered Bonds, the Currently Outstanding Bonds, and any additional Commonwealth Mortgage Bonds hereafter issued, except as otherwise agreed by the Authority. Such excess Revenues may be derived from terminations (including prepayments) or sales of Mortgage Loans or sales of Authority Property. Such excess Revenues may, at the option of the Authority, be used to finance Mortgage Loans in compliance with Code requirements, if applicable (see Appendix D), and subject to the limitations described below. Except for a \$250,000 de minimis amount, unexpended proceeds of the Series CE Bonds (including the Offered Tax-Exempt Bonds) which are expected to be used to finance Mortgage Loans but which shall not have been so used within 42 months from the December 14, 2023 date of issuance are required to be used to retire or redeem Series CE Bonds. Accrued interest, if any, to the date of redemption will be paid upon redemption.

Ten-Year Rule. Applicable current federal tax law requires redemption of Series CE Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series CE Bonds (including the Offered Tax-Exempt Bonds). These federal tax law requirements also include a requirement that certain principal prepayments and scheduled principal repayments of mortgage loans must be applied to pay the principal of bonds either at maturity or by redemption (the “Ten-Year Rule”). The Ten-Year Rule applies to mortgage loan principal prepayments and scheduled principal repayments, in excess of a de minimis amount, received, generally, ten years after the date of issuance of the related bonds that financed the applicable mortgage loans. The percentage of such prepayments and repayments received in each applicable period that are required to be so applied is reflected in the following table:

* Preliminary, subject to change.

<u>Applicable Period</u>	<u>Percentage</u>
December 14, 2023 – December 13, 2033	0%
December 14, 2033 and thereafter	100%

Factors which may affect the demand for Mortgage Loans and the amount of prepayments on Mortgage Loans financed by the Commonwealth Mortgage Bonds, and consequently the Authority's ability to use the proceeds of Commonwealth Mortgage Bonds (including the Offered Bonds), prepayments and other excess Revenues for the financing of Mortgage Loans include not only general economic conditions but also the relationship between alternative mortgage loan interest rates (including rates on mortgage loans insured or guaranteed by agencies of the federal government, rates on conventional mortgage loans and the rates on other mortgage loans available from the Authority) and the interest rates being charged on the Mortgage Loans by the Authority. Accordingly, lower interest rates on such alternative mortgage loans could cause a lack of demand for Mortgage Loans, could result in prepayments in amounts greater than anticipated (see "Security" in "Sources of Payment"), and could necessitate the exercise by the Authority of its right (or compliance by the Authority with the requirement under the Code) to apply the proceeds of Commonwealth Mortgage Bonds, including the Offered Bonds, prepayments, and other excess Revenues to redeem the Offered Bonds, to the extent permitted by the Code.

Mortgage Loans which are financed by Commonwealth Mortgage Bonds (including the Offered Bonds) or otherwise pledged pursuant to the Resolution may be refinanced, including by subsequent mortgage loans, including Mortgage Loans, made or purchased by the Authority or with respect to which the Authority is otherwise involved. Any such refinancings will result in the prepayments of the Mortgage Loans so refinanced and may result in the special redemption of Commonwealth Mortgage Bonds (including the Offered Bonds) from excess Revenues generated by such prepayments. The Authority may conduct marketing activities, including the solicitation of Mortgagors, that will offer and encourage such refinancings of Mortgage Loans and may have the effect of increasing the amount of prepayments and the amount of Commonwealth Mortgage Bonds (including the Offered Bonds) redeemed by special redemption.

The Authority does not currently anticipate any sales of Mortgage Loans which would result in the special redemption of the Offered Bonds; however, no assurance can be given that no such sales will occur. See "Withdrawal, Transfer, Sale, Exchange and Modification of Assets" in "Summary of Certain Provisions of the Current Resolution" for a discussion of the Authority's ability to sell Mortgage Loans.

The Code requires a payment from certain mortgagors, including mortgagors with Mortgage Loans financed in whole or in part with proceeds of the Series CE Bonds, to the United States as described in "Recapture" in Appendix D. Such requirement may affect the demand for or rate of prepayments of Mortgage Loans financed or to be financed in whole or in part by Tax-Exempt Bonds, including the Series CE Bonds.

A decrease in the demand for Mortgage Loans may result in the redemption of the Offered Bonds from prepayments on Mortgage Loans (or other excess Revenues) which in the determination of the Authority are not to be used to make or finance Mortgage Loans. An increase or decrease in the rate of prepayment of Mortgage Loans may affect the amount of moneys available for redemption of the Offered Bonds or the recycling of funds into other Mortgage Loans as described under this subheading and may affect the average life of the Offered Bonds. The Authority cannot predict what effect, if any, such requirement will have on the origination or prepayment of Mortgage Loans financed by Tax-Exempt Bonds (including the Series CE Bonds) alone or in participation with other funds.

The Authority expects to use the proceeds of the Offered Bonds to finance Mortgage Loans on a concurrent and competitive basis with existing or future Authority bond proceeds or other moneys, including proceeds of Currently Outstanding Bonds and any other Commonwealth Mortgage Bonds hereafter issued. See "Financing of Single Family Mortgage Loans" in "The Single Family Program" in "Part II – Summary of Programs."

See "Selection of Bonds for Redemption" below for a discussion of selection of amounts and maturities of Offered Bonds for redemption and allocation of redemptions within a maturity.

Optional Redemption*

The Offered Bonds maturing on or after October 1, 2033 are subject to redemption, at the election of the Authority, either in whole or in part on any one or more dates on or after April 1, 2033 at a Redemption Price equal to the principal amount, without premium, of the Offered Bonds to be so redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption.

See "Selection of Bonds for Redemption" below for a discussion of selection of amounts and maturities of Offered Bonds for redemption and allocation of redemptions within a maturity.

Sinking Fund Redemption*

The Offered Bonds designated as Term Bonds on the inside cover pages hereof are subject to redemption in part prior to maturity from mandatory Sinking Fund Installments which are required to be made in the amounts specified for each of the

* Preliminary, subject to change.

dates shown below. The Redemption Price shall be the principal amount of the Term Bonds to be redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption. In the event of a partial redemption of a maturity of Term Bonds of a series or subseries (other than in satisfaction of Sinking Fund Installments) or the purchase and cancellation of less than all of a maturity of Term Bonds of a series or subseries, the Authority shall instruct the Trustee as to which Sinking Fund Installments for such maturity of Term Bonds of such series or subseries shall be affected by such redemption or purchase and cancellation. See "Selection of Bonds for Redemption" below for a discussion of allocation of redemptions within a maturity.

Subseries E-2 Bonds Maturing
October 1, 2039

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2037	\$1,255,000
October 1, 2037	1,265,000
April 1, 2038	1,280,000
October 1, 2038	1,290,000
April 1, 2039	1,305,000
October 1, 2039*	<u>1,310,000</u>
	\$7,705,000

Subseries E-2 Bonds Maturing
October 1, 2044

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2040	\$1,330,000
October 1, 2040	1,345,000
April 1, 2041	1,360,000
October 1, 2041	1,370,000
April 1, 2042	1,390,000
October 1, 2042	1,400,000
April 1, 2043	1,415,000
October 1, 2043	1,430,000
April 1, 2044	1,450,000
October 1, 2044*	<u>1,465,000</u>
	\$13,955,000

Subseries E-2 Bonds Maturing
October 1, 2049

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2045	\$1,490,000
October 1, 2045	1,510,000
April 1, 2046	1,530,000
October 1, 2046	1,545,000
April 1, 2047	1,570,000
October 1, 2047	1,590,000
April 1, 2048	1,610,000
October 1, 2048	1,630,000
April 1, 2049	1,655,000
October 1, 2049*	<u>1,590,000</u>
	\$15,720,000

Subseries E-2 Bonds Maturing
October 1, 2054

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2050	\$1,575,000
October 1, 2050	1,560,000
April 1, 2051	1,585,000
October 1, 2051	1,610,000
April 1, 2052	1,615,000
October 1, 2052	1,640,000
April 1, 2053	1,670,000
October 1, 2053	1,695,000
April 1, 2054	1,685,000
October 1, 2054*	<u>1,600,000</u>
	\$16,235,000

Series B Bonds Maturing
October 1, 2039

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2035	\$2,355,000
October 1, 2035	2,375,000
April 1, 2036	2,400,000
October 1, 2036	2,410,000
April 1, 2037	2,440,000
October 1, 2037	2,465,000
April 1, 2038	2,485,000
October 1, 2038	2,510,000
April 1, 2039	2,530,000
October 1, 2039*	<u>2,560,000</u>
	\$24,530,000

Series B Bonds Maturing
October 1, 2044

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2040	\$2,580,000
October 1, 2040	2,610,000
April 1, 2041	2,640,000
October 1, 2041	2,675,000
April 1, 2042	2,705,000
October 1, 2042	2,740,000
April 1, 2043	2,775,000
October 1, 2043	2,815,000
April 1, 2044	2,845,000
October 1, 2044*	<u>2,885,000</u>
	\$27,270,000

* Maturity Date

Series B Bonds Maturing
October 1, 2049

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2045	\$2,915,000
October 1, 2045	2,950,000
April 1, 2046	2,990,000
October 1, 2046	3,035,000
April 1, 2047	3,075,000
October 1, 2047	3,120,000
April 1, 2048	3,165,000
October 1, 2048	3,210,000
April 1, 2049	3,255,000
October 1, 2049*	<u>3,390,000</u>
	\$31,105,000

Series B Bonds Maturing
April 1, 2054

<u>Sinking Fund Installment Date</u>	<u>Principal Amount</u>
April 1, 2050	\$3,475,000
October 1, 2050	3,565,000
April 1, 2051	3,620,000
October 1, 2051	3,675,000
April 1, 2052	3,750,000
October 1, 2052	3,810,000
April 1, 2053	3,865,000
October 1, 2053	3,925,000
April 1, 2054	4,025,000
October 1, 2054*	<u>2,565,000</u>
	\$36,275,000

* Maturity Date

Selection of Bonds for Redemption

When redeeming the Offered Bonds as described in the above sections entitled “Special Redemption” and “Optional Redemption,” the Authority has complete discretion to select the amounts and maturities of such Offered Bonds to be redeemed (subject to the applicable provisions of the Code). In so selecting the amounts and maturities of the Offered Bonds to be redeemed, the Authority expects to consider such factors as it deems relevant at that time to best achieve its financial and programmatic purposes. Such factors may include, but need not be limited to, interest rates and maturities of then Outstanding Commonwealth Mortgage Bonds, and any future legislation and regulations affecting the Commonwealth Mortgage Bonds, including Tax-Exempt Bonds; however, no assurance can be given as to whether those factors or any other factors will be considered or as to how such factors will be applied in the selection of the Offered Bonds to be redeemed.

If less than all of a maturity of the Offered Bonds of a series or subseries is to be redeemed, the Offered Bonds to be redeemed shall be selected by lot in such manner as the Trustee may determine.

Notice to Owners

Notice of any redemption of an Offered Bond shall be sent to the Owner thereof at least 20 days, or such lesser number of days that is permitted by DTC, prior to the date of redemption. Any notice to Owners required pursuant to the Current Resolution shall be sent or transmitted, at the Authority’s direction, by mail or other means of physical delivery, or by facsimile or other electronic means to such Owner at his last address, physical or electronic, set forth in the Registration Books.

Purchase

In lieu of the redemption of any Commonwealth Mortgage Bond, the Authority may direct the Trustee in an Officer’s Certificate to purchase such Bond from any Owner willing to sell such Bond. In addition, the Authority may at any time direct the Trustee in an Officer’s Certificate to purchase, with Assets or other net assets of the Authority, any Commonwealth Mortgage Bond from any Owner willing to sell such Bond. In either case, the purchase price shall be determined by, or in accordance with the directions of, the Authority.

CUSIP Numbers

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the registered owners of the applicable Offered Bonds. Neither the Authority nor the Remarketing Agents and Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Offered Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Offered Bonds.

Mortgage Loans Expected to be Financed with the Offered Bonds*

The following chart provides summary information as of April 17, 2024, concerning the initial Mortgage Loans expected to be purchased with proceeds of, or expected to be allocated to, the Offered Bonds. The composition of such initial

* Preliminary, subject to change.

group of Mortgage Loans is subject to change, and the remainder of the Mortgage Loans that are to be purchased with proceeds of, or allocated to, the Offered Bonds may have different characteristics. All Mortgage Loans purchased with proceeds of, or allocated to, the Offered Bonds will be 30-year fixed rate mortgage loans.

Approximate unpaid principal balance	\$102,000,000
Approximate number of Mortgage Loans	390
Average principal balance	\$261,113
Estimated weighted average note rate	6.89%
Approximate percentage with down payment assistance; second Mortgage Loan only (by balance)	36%
Approximate percentage with down payment assistance; grant only (by balance)	52%
Approximate percentage underwritten as FHA (by balance)	52%
Approximate percentage underwritten as VA (by balance)	11%
Approximate percentage underwritten as RD (by balance)	2%
Approximate percentage underwritten as conventional (by balance)	35%

The Authority reserves the right to make or purchase additional Mortgage Loans with excess Revenues (including Mortgage Loan prepayments) derived from the Offered Bonds. Any such additional Mortgage Loans may have characteristics different than those in the above chart.

SECURITY

Pledge of Assets

Payment of the principal of and interest on the Commonwealth Mortgage Bonds, as well as payment of other Bond Amounts, are secured, to the extent and as provided in the Commonwealth Mortgage Bonds Resolution, by a pledge of the Assets. In addition to interest and principal, Compounded Amount, Redemption Price and Purchase Price due on any Commonwealth Mortgage Bonds, "Bond Amount" includes any payment required to be made by the Authority pursuant to an Exchange Agreement (including a payment upon termination thereof), an Enhancement Agreement or Other Financial Agreement, in each case to the extent such payment is payable from Assets (See "Exchange Agreements, Enhancement Agreements and Other Financial Agreements.") "Assets" consist of Mortgage Loans (see "Commonwealth Bonds Mortgage Loans" in Appendix B for certain information concerning the Mortgage Loans), Authority Property, Revenues and Investment Obligations, and, to the extent made subject to the pledge or lien of the Resolution, Enhancement Agreements, Exchange Agreements and Other Financial Agreements (see "Summary of Certain Provisions of the Current Resolution"). The Commonwealth Mortgage Bonds Resolution imposes no requirements on the Authority as to a minimum amount or type of Assets.

The Commonwealth Mortgage Bonds Resolution permits the Authority to (i) purchase, sell, exchange, transfer and modify Assets, (ii) apply Assets to the payment of Expenses, and (iii) withdraw Assets from the Commonwealth Mortgage Bonds Resolution, thereby releasing such Assets from the lien and pledge created by the Commonwealth Mortgage Bonds Resolution, subject only to the satisfaction of the Revenue Test (see "Withdrawal of Assets; Limited Operating Covenants"). The Authority may contribute single family mortgage loans to the Resolution that become Mortgage Loans (and also Assets) following such contribution.

The Act provides that any pledge made by the Authority is valid and binding from the time such pledge is made and that the Authority's interest, then existing or thereafter obtained, in revenues, moneys, mortgage loans, receivables, contract rights or other property or proceeds so pledged shall immediately be subject to the lien of such pledge without any physical delivery or further act, and the lien of such pledge shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice thereof. The Act further provides that no instrument by which a pledge is created need be recorded nor shall any filing be required with respect thereto. The Authority does not expect to record or file any deed of trust, mortgage or other instrument creating or evidencing the pledge or lien created by the Resolution or any future supplemental resolution with respect to any Asset or other Asset hereafter pledged to secure Commonwealth Mortgage Bonds. The Authority does not expect to physically deliver Assets to the Trustee.

The Commonwealth Mortgage Bonds Resolution does not require the establishment and funding of any debt service reserve fund or any other reserve fund, and the Authority does not expect to establish and fund any such reserve fund.

Mortgage Loans

The Mortgage Loans are Assets that are subject to the lien and pledge of the Resolution. See "The Single Family Program" and see "Commonwealth Bonds Mortgage Loans" in Appendix B for certain information concerning the Mortgage Loans.

Investment Obligations

The Authority maintains a substantial portion of Assets as Investment Obligations. Investment Obligations that are eligible under the Resolution are set forth in the definition thereof in “Definitions” in “Summary of Certain Provisions of the Current Resolution” and include (i) any investment (debt or other contractual obligation or equity interest) which, in the determination of an Authorized Officer, is a suitable investment, in light of the amount and timing of Bond Obligation payments, the amount of Assets, and the availability of monies to pay Bond Obligations as they become due, at the time of acquisition thereof, and (ii) certain investments which bear, or the obligor(s) or guarantor(s) of which bear, an investment grade rating assigned by a nationally recognized rating agency.

See “Investments” and “The Common Fund” in “Part III - General Information About the Authority” for additional information concerning Investment Obligations.

Exchange Agreements, Enhancement Agreements and Other Financial Agreements

The Commonwealth Mortgage Bonds Resolution permits the Authority to execute Exchange Agreements (such as swap agreements), Enhancement Agreements (such as agreements related to bond insurance) and Other Financial Agreements under which the Authority obligations are payable from Assets on a parity basis with the Commonwealth Mortgage Bonds (see “Incurrence of Additional Obligations Payable from Assets” in “Summary of Certain Provisions of the Current Resolution”). As Bond Obligations, such agreements are general obligations of the Authority. Any Enhancement Agreements, any Exchange Agreements or any Other Financial Agreements, including those made subject to the pledge or lien of the Resolution, are subject to the risk that the other parties to such Agreements may not satisfy their obligations set forth in such Agreements. The Commonwealth Mortgage Bonds Resolution does not establish minimum rating requirements for such other parties. There are no outstanding Enhancement Agreements or Exchange Agreements under which the Authority’s obligations are payable from Assets.

In addition, the Authority may, in connection with the issuance of Ginnie Mae securities and Fannie Mae securities (see “Ginnie Mae Financing” and “Fannie Mae Financing” in “The Single Family Program”), enter into Other Financial Agreements under which the Authority agrees with securities dealers to deliver such securities in specified amounts and by specified dates and is liable to the securities dealers for loss due to failure to so deliver such securities. Any such liability would be payable from Assets. As of December 31, 2023, the Authority was obligated to deliver \$38 million, rounded to the nearest million, of such securities under such Other Financial Agreements.

In order to provide additional funds for its programs and other legally permissible purposes, the Authority considers from time to time the sale of existing or newly originated single family mortgage loans allocated or to be allocated to its general fund (the “General Fund”) or the Resolution. In connection therewith, the Authority may enter into one or more Other Financial Agreements with the purchaser of such mortgage loans that would secure the Authority’s obligations to such purchaser to repurchase such single family mortgage loans and to fund any payment deficiencies or otherwise compensate the purchaser upon occurrence of certain events, such as a specified number of delinquent monthly payments on the mortgage loans or breaches of the representations and warranties by the Authority with respect to the mortgage loans. No assurances can be given whether the Authority will enter into such Other Financial Agreements or as to the amounts or terms thereof or the amounts that would be payable from Assets.

Sources of Payment

The scheduled payments of Bond Amounts, including the principal of and the interest on the Offered Bonds and any Enhancement Agreements, any Exchange Agreements or any Other Financial Agreements that are payable from Assets, have been or are expected to be based upon the assumed receipt by the Authority of principal and interest or other payments on or with respect to Mortgage Loans and Investment Obligations, any Revenue with respect to Authority Property (excluding such income to be applied to the payment of operating expenses or to be deposited into reserve or escrow funds for such Authority Property), payments with respect to any Enhancement Agreement, any Exchange Agreement or any Other Financial Agreements pledged as Assets, and net assets of the Authority, including net assets pledged under the Resolution.

The ability of the Authority to pay Bond Amounts, including principal and interest on the Offered Bonds, may be adversely affected by many factors that could impact the sources of payment for the Bond Amounts, including, but not limited to, the following: (i) failure to receive principal and interest or other payments when due or any time thereafter with respect to Mortgage Loans, Investment Obligations and any Enhancement Agreement, Exchange Agreement or Other Financial Agreement pledged as Assets, (ii) terminations and prepayments of Mortgage Loans at times and at rates not anticipated by the Authority, (iii) Mortgage Loans and Investment Obligations and other assets not being made, financed or acquired at the times, interest rates or prices, as applicable, contemplated by the Authority or not being made, financed or acquired at all and (iv) losses from the sale or other disposition of Assets. A portion of such Mortgage Loan terminations are due to foreclosure, deed in lieu of foreclosure, and assignment to mortgage loan companies. The Authority does not necessarily receive cash upon the occurrence of such terminations. The receipt of cash for such terminations may occur at a later time and may be for an amount less than the amount which was due under the Mortgage Loan.

In establishing the principal amounts and dates of the maturities and Sinking Fund Installments for the Offered Bonds, the Authority will assume a certain level of prepayments of Mortgage Loans, a substantial portion of which will be used to pay

such principal amounts and Sinking Fund Installments. For this purpose, revenues received by the Authority as a result of defaults on Mortgage Loans are treated as prepayments. To calculate such assumptions, the Authority will use an assumed prepayment rate using the standard prepayment model of the Securities Industry and Financial Markets Association, referred to herein as the SIFMA Standard Prepayment Model Rate. The SIFMA Standard Prepayment Model Rate does not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans financed by the Commonwealth Mortgage Bonds.

The Authority has assumed a 20% SIFMA Standard Prepayment Model Rate when establishing the principal amounts and maturities and Sinking Fund Installments for the Offered Bonds. Except for the Commonwealth Mortgage Bonds, 2012 Series A-Non-AMT, 2012 Series C-Non-AMT, 2023 Series A-Non-AMT, 2023 Series B-Taxable, 2023 Series C-Non-AMT, 2023 Series D-Taxable, 2023 Series E-Non-AMT, Subseries E-1, 2024 Series A-Taxable (with respect to all of which the Authority also assumed a 20% SIFMA Standard Prepayment Model Rate when establishing the principal amounts and maturities and Sinking Fund Installments), and the Subseries E-I Bonds and Subseries E-II Bonds, all of the Currently Outstanding Bonds are “RMBS” or “pass-through” bonds, which have principal payment obligations equal to the sum of (or a specified percentage of the sum of) scheduled principal payments on the Mortgage Loans allocated to such series, prepayments received on such allocated Mortgage Loans and certain other payments relating to such allocated Mortgage Loans, and have a stated maturity date corresponding to the date of the last scheduled payment on any such allocated Mortgage Loan, and therefore do not have principal payment obligations that were established assuming a certain level of prepayments on such allocated Mortgage Loans.

There can be no assurance that the prepayment experience of the Authority will substantially parallel those of the assumed SIFMA Standard Prepayment Model Rate.

In estimating investment income to be received on moneys held under the Resolution, the Authority assumes the investment of such funds at such interest rates as are deemed reasonable based on market conditions at the time of such estimate.

On the basis of the foregoing facts and assumptions, the Revenues and other income to be received with respect to the Offered Bonds and the Currently Outstanding Bonds are expected by the Authority to be in excess of the scheduled debt service thereon. Certain excess Revenues must be used to redeem Commonwealth Mortgage Bonds and any other excess Revenues may be used to purchase or redeem Commonwealth Mortgage Bonds, including the Offered Bonds, that are subject to redemption, including optional redemption, from excess Revenues. In reaching such expectation referred to in the first sentence of this paragraph, the Authority has not considered the issuance of additional Commonwealth Mortgage Bonds or the application or investment of the proceeds thereof. The Authority believes its assumptions regarding the Offered Bonds and the Currently Outstanding Bonds to be reasonable, but the Authority can give no assurance that the actual receipt of Revenues (including principal prepayments) will correspond with its estimates of available money to pay debt service on the Offered Bonds and the Currently Outstanding Bonds.

Amendments to Resolution; Commonwealth Mortgage Bonds Acquired by the Authority

The Current Resolution authorizes amendments to certain provisions therein by supplemental resolution of the Authority without the consent of Owners. Pursuant to such authorization, the Authority may, subject to the Revenue Test, amend the Current Resolution in any respect, except as described in subsection (7) in “Amendments” in “Summary of Certain Provisions of the Current Resolution.” The Current Resolution, including the Revenue Test, also may be amended with the consent of the Owners of more than 60% of the Bond Obligation. Any of the foregoing amendments may adversely affect the security for the Commonwealth Mortgage Bonds (see “Amendments” in “Summary of Certain Provisions of the Current Resolution”).

Pursuant to the Act and the Current Resolution, the Authority may purchase or otherwise acquire the actual or constructive ownership of Commonwealth Mortgage Bonds prior to the maturity or redemption thereof with the intent and effect that such Commonwealth Mortgage Bonds remain Outstanding, subject to any terms and conditions determined by the Authority or otherwise required by law. Any Commonwealth Mortgage Bonds so owned by the Authority shall be entitled to vote or give consents under the Resolution, except with respect to amendments to the Resolution and with respect to remedies and appointment and removal of the Trustee upon an Event of Default. Any such vote or consent may adversely affect the security for the Commonwealth Mortgage Bonds.

General Obligations of the Authority

The Commonwealth Mortgage Bonds are also general obligations of the Authority payable out of any of its revenues, moneys or assets, subject to agreements heretofore or hereafter made with owners of Authority obligations other than the Owners pledging particular revenues, moneys or assets for the payment thereof. The Authority has a long-term general obligation rating of “Aa1” from Moody’s Investors Service (“Moody’s”) and a long-term Issuer Credit rating of “AA+” from Standard & Poor’s Ratings Services (“Standard & Poor’s” or “S&P”). See “Ratings.” The security provided to the Commonwealth Mortgage Bonds by the Authority’s general obligation should be evaluated in connection with the performance of other loan programs of the Authority and such pledging of particular revenues, moneys or assets. See “The Multi-Family Program” and “Miscellaneous Programs.” See also “Summary of Revenues, Expenses, and Net Position” and “General Fund and Other Net Assets,” both in “Part III - General Information About the Authority.”

The general obligation of the Authority provides additional security for payment of the Commonwealth Mortgage Bonds by imposing legal liability on the Authority to make payments, when due, on the Commonwealth Mortgage Bonds. The ability of the Authority to make such payments from sources other than the Assets will depend upon the financial strength of the Authority, in particular the ability of the Authority to make such payments from its net assets in the other bond resolutions described below under “Other Bond Resolutions” and from net assets in its General Fund. The net assets in such other bond resolutions are pledged as security under those bond resolutions and are subject to restrictions and limitations described below on the withdrawals of such net assets from the lien and pledge of such resolutions. The net assets in the Authority’s General Fund are not currently pledged as security for any bondholders and are not currently subject to any restrictions or limitations, but no assurance can be given that the Authority will not in the future subject such net assets to limitations or restrictions for the benefit of obligors of the Authority or any other persons other than Owners of Commonwealth Mortgage Bonds. The future amount and value of the net assets in the other bond resolutions and the net assets in the Authority’s General Fund will depend upon the ongoing success of the Authority’s multi-family and single family mortgage loan programs and operations, including the use and investment of such net assets. For additional information concerning the financial status of the Authority as of the end of the most recent fiscal year and, if available, the most recent quarter, and such net assets, also known as net position, see Appendix A.

The Authority has no taxing power. The Commonwealth Mortgage Bonds do not constitute a debt or grant or loan of credit of the Commonwealth, and the Commonwealth shall not be liable thereon, nor shall the Commonwealth Mortgage Bonds be payable out of any funds other than those of the Authority. The Authority has not created a capital reserve fund to secure the Commonwealth Mortgage Bonds and therefore the Commonwealth Mortgage Bonds are not subject to the provision in the Act that both requires the Governor to include in the Governor’s budget funds to cover any deficiency in the capital reserve funds of the Authority and authorizes the General Assembly to appropriate funds therefor.

Other Bond Resolutions

The Authority issues bonds (“Rental Housing Bonds”) under the general bond resolution adopted by the Authority on March 24, 1999, as amended and supplemented to the date hereof (the “Rental Housing Bonds Resolution”). The Authority purchases and makes new multi-family mortgage loans with net assets of the Rental Housing Bonds Resolution and proceeds of Rental Housing Bonds. The Rental Housing Bonds Resolution authorizes the Authority to apply assets thereunder to make, purchase, finance or refinance mortgage loans for multi-family developments. The Rental Housing Bonds Resolution also authorizes the Authority to acquire, rehabilitate, construct, finance or refinance property owned by the Authority which, under the terms of the Rental Housing Bonds Resolution includes real property and improvements thereon or an ownership share in a cooperative housing association or a leasehold interest under a lease and any personal property attached to or used in connection with any of the foregoing owned by the Authority and either financed or refinanced pursuant to the Rental Housing Bonds Resolution or acquired by the Authority by purchase or foreclosure of a mortgage loan or by deed in lieu thereof. The Rental Housing Bonds Resolution requires that each mortgage loan must be either (i) a loan evidenced by an interest-bearing obligation secured by a mortgage for financing the acquisition, construction, rehabilitation and/or ownership of multi-family residential housing (which housing may be economically mixed housing described below) and any nonhousing building or buildings as authorized by the Act, (ii) an obligation, certificate or instrument for which such a loan secured by a mortgage is the security or the source of payment, or (iii) a participation or other ownership interest in either a loan described in (i) or an obligation, certificate or instrument described in (ii) with another party or parties or with another source of funds of the Authority not pledged pursuant to the Rental Housing Bonds Resolution. The multi-family mortgage loans financed by the Rental Housing Bonds are required by the Rental Housing Bonds Resolution to be secured by liens on the multi-family developments. Upon the financing of multi-family mortgage loans or Authority owned property with proceeds of Rental Housing Bonds or other assets of the Rental Housing Bonds Resolution, such mortgage loans or property are pledged by the Authority as security under the Rental Housing Bonds Resolution. The Rental Housing Bonds are general obligations of the Authority. See Appendix A for information on the assets and liabilities of the Rental Housing Bonds Resolution. The Rental Housing Bonds Resolution permits the Authority to withdraw assets from the lien and pledge of such resolution subject only to the satisfaction of a revenue test similar to the Revenue Test. Since the date of the most recent financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn \$15,000,000 from the Rental Housing Bonds Resolution. See Appendix E for certain information concerning developments financed with Rental Housing Bonds. The Authority can give no assurances that it will or will not make any future withdrawals of assets from the lien and pledge of the Rental Housing Bonds Resolution or that in the future the Rental Housing Bonds Resolution will have any excess funds available for payment of principal or interest on the Commonwealth Mortgage Bonds.

The Authority also has financed single family mortgage loans under another resolution (the “Homeownership Mortgage Bonds Resolution”) authorizing the issuance of the Authority’s Homeownership Mortgage Bonds in connection with the New Issue Bond Program of the U.S. Department of the Treasury. The Authority has no present intention to issue more Homeownership Mortgage Bonds and the Authority is not pledging any new single family mortgage loans to the Homeownership Mortgage Bonds Resolution. Notwithstanding the foregoing, the Authority can give no assurances whether or not it will issue more bonds under the Homeownership Mortgage Bonds Resolution in the future. The Homeownership Mortgage Bonds Resolution pledges the mortgage loans and assets attributable to the Homeownership Mortgage Bonds as security for the payment of such Bonds. The Homeownership Mortgage Bonds are general obligations of the Authority. See Appendix A for information on the assets and liabilities of the Homeownership Mortgage Bonds Resolution. The Homeownership Mortgage Bonds Resolution permits the Authority to withdraw assets from the lien and pledge of such resolution subject only to the satisfaction of a revenue test similar to the Revenue Test. Since the date of the most recent

financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn no assets from the Homeownership Mortgage Bonds Resolution. The Authority can give no assurances that it will or will not make any future withdrawals of assets from the lien and pledge of the Homeownership Mortgage Bonds Resolution or that in the future the Homeownership Mortgage Bonds Resolution will have any excess funds available for payment of principal or interest on the Commonwealth Mortgage Bonds.

The only outstanding Homeownership Mortgage Bonds are the 2013 Series A-Taxable (Pass-Through) which have principal payment obligations equal to a specified percentage of the sum of scheduled principal payments on the mortgage loans allocated to such series, prepayments received on such allocated mortgage loans and certain other payments relating to such allocated mortgage loans, and have a stated maturity date corresponding to the date of the last scheduled payment on any such allocated mortgage loan, and therefore do not have principal payment obligations that were established assuming a certain level of prepayments on such allocated mortgage loans. The scheduled payments of principal and interest on the Rental Housing Bonds have been based upon the terms and structures of the multi-family loans financed by their proceeds. The Authority believes that the principal and interest or other payments on or with respect to the respective assets pledged to the Homeownership Mortgage Bonds and the Rental Housing Bonds will be sufficient to pay, when due, the scheduled debt service on such respective Bonds, but the Authority can give no assurance that the actual receipt of payments will correspond to the Authority's assumptions.

The ability of the Authority to pay such principal and interest on the Rental Housing Bonds and the Homeownership Mortgage Bonds may be adversely affected by (i) failure to receive principal and interest or other payments or income when due or any time thereafter with respect to the respective mortgage loans, investment obligations and any other asset pledged thereto, (ii) in the case of Rental Housing Bonds, receipt of income with respect to developments owned by the Authority and financed by the Rental Housing Bonds in amounts less than expected by the Authority, (iii) in the case of Homeownership Mortgage Bonds, terminations (including foreclosures, deeds in lieu of foreclosure, and assignments to mortgage insurance companies) and prepayments of single family mortgage loans at times and at rates not anticipated by the Authority, (iv) mortgage loans, investment obligations and other assets not being made, financed or acquired at the times, interest rates or prices, as applicable, contemplated by the Authority or not being made, financed or acquired at all, and (v) receipt of net proceeds from the sale or other disposition of respective assets pledged thereto in amounts less than expected by the Authority. In the case of Rental Housing Bonds, the ability of a mortgagor to make principal and interest payments on a mortgage loan may be adversely affected by reductions (or the failure to receive adequate increases) in federal subsidy payments with respect to any developments financed by the Rental Housing Bonds and assisted by such subsidy payments, as well as by general economic conditions. In the case of Homeownership Mortgage Bonds, the Authority does not necessarily receive cash upon the occurrence of terminations described in (iii) above, and the receipt of cash for such terminations may occur at a later time and may be for an amount less than the amount which was due under the single family mortgage loan.

Any excess funds under the Rental Housing Bonds Resolution or the Homeownership Mortgage Bonds Resolution may be used to redeem (if then permitted by the terms of such resolution) Rental Housing Bonds or Homeownership Mortgage Bonds, respectively, to finance mortgage loans or to acquire investments to be held under such resolution.

The Act permits the Authority to issue bonds and incur indebtedness in addition to the Commonwealth Mortgage Bonds, the Rental Housing Bonds, and the Homeownership Mortgage Bonds.

WITHDRAWAL OF ASSETS; LIMITED OPERATING COVENANTS

Except for the Revenue Test, the Commonwealth Mortgage Bonds Resolution imposes no restrictions on the Authority's ability to transfer Assets to the Authority (thereby releasing such Assets from the lien and pledge of the Resolution), nor does it impose on the Authority any requirements as to the minimum amount or type of Assets or any requirements with respect to annual income or net worth. The Commonwealth Mortgage Bonds Resolution requires that certain actions, including transfer of all or any portion of any Asset to the Authority (thereby releasing such Asset or portion from the lien and pledge of the Resolution), be undertaken only upon satisfaction of the Revenue Test. See the definition of Revenue Test in "Summary of Certain Provisions of the Current Resolution." Since the date of the most recent financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn \$2,985,702 from the Resolution. The Authority can give no assurances that it will or will not make any future withdrawals.

To the extent that pursuant to an Officer's Certificate the Authority pledges any funds which are not then subject to the pledge of the Resolution and which are expected to be thereafter used to finance Mortgage Loans until the issuance of Commonwealth Mortgage Bonds therefor, an amount of Assets equivalent to such funds, plus a reasonable charge for interest on such funds if and as determined by an Authorized Officer, may be subsequently withdrawn and transferred to the Authority without regard to the satisfaction of the Revenue Test.

SUMMARY OF CERTAIN PROVISIONS OF THE CURRENT RESOLUTION

The following statements are brief summaries of certain provisions of the Current Resolution. Such statements are qualified in each case by reference to the Current Resolution.

Capitalized items not previously defined in this Official Statement and not defined in this Summary shall have the meanings set forth in the Current Resolution. Words importing the masculine gender include the feminine and neuter genders,

words importing persons include firms, associations and corporations, and words importing the singular number include the plural number, and vice versa.

Definitions

“1986 Amended Resolution” means the resolution adopted by the Authority on July 15, 1986, entitled “A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof,” as amended and supplemented prior to the effective date of the Restated Bond Resolution.

“Act” means the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Virginia Code of 1950, as amended before or after the date of the Restated Bond Resolution.

“Asset” means any Mortgage Loan, Authority Property, Investment Obligation, Revenue, and, to the extent subject to the pledge or lien of the Commonwealth Mortgage Bonds Resolution or the 1986 Amended Resolution as of the effective date of the Restated Bond Resolution or thereafter, any cash, Exchange Agreement, Enhancement Agreement or Other Financial Agreement. Funds and investments on deposit in any Payment Account and Defeasance Obligations in any Defeasance Account are not Assets.

“Authority Designations” means the one or more designations given to a Commonwealth Mortgage Bond or Commonwealth Mortgage Bonds as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations or such other designations as may be deemed necessary or convenient by an Authorized Officer or by the Trustee with the consent of an Authorized Officer.

“Authority Property” means real property and improvements thereon or an ownership share in a cooperative housing association or a leasehold interest under a lease and any personal property attached to or used in connection with any of the foregoing which, as of the effective date of the Restated Bond Resolution or thereafter, is owned by the Authority and is either financed pursuant to the Commonwealth Mortgage Bonds Resolution or the 1986 Amended Resolution or acquired by the Authority by purchase or foreclosure of a Mortgage Loan or by deed in lieu thereof.

“Authorized Officer” means the Chairman, Vice Chairman, Executive Director, Managing Director of Finance and Administration, Finance Director, General Counsel, any functionally equivalent successor position to any of the aforementioned positions but which bears a different title, or any other person authorized by resolution of the Authority to act as an Authorized Officer under the Current Resolution.

“Bond Amount” means the one or more payments of principal and interest, including any Compounded Amount, Purchase Price, Redemption Price or Sinking Fund Installment, if applicable, due and payable from time to time with respect to a Commonwealth Mortgage Bond from its date of issuance to its maturity, tender or redemption date, or any payment required to be made by the Authority pursuant to an Exchange Agreement, Enhancement Agreement or Other Financial Agreement to the extent such payment thereunder is payable from Assets.

“Bond Limitations Resolution” means a resolution adopted by the Authority setting forth the limitations required by the Current Resolution and such other limitations and matters as may be deemed appropriate by the Authority. The limitations required by the Current Resolution include (1) the maximum principal amount of the Commonwealth Mortgage Bonds to be issued or to be Outstanding subject to such Bond Limitations Resolution, (2) the latest date by which the Authority may enter into one or more contracts providing for the sale of Commonwealth Mortgage Bonds, and (3) the minimum purchase price for the Commonwealth Mortgage Bonds upon the issuance thereof.

“Bond Obligation” means, as of a specific date of calculation, the aggregate of (1) all interest due or accrued on Outstanding Commonwealth Mortgage Bonds, (2) all unpaid principal on Outstanding Commonwealth Mortgage Bonds, (3) the amount of the payment, if any, the Authority would be obligated to make on any Exchange Agreement payable from Assets if such Exchange Agreement were terminated on such date of calculation, and (4) all amounts owed by the Authority with respect to any Enhancement Agreement or Other Financial Agreement payable from Assets.

“Business Day” means any day other than a Saturday, Sunday or legal holiday on which banking institutions in Virginia, or the state in which the Principal Office of the Trustee is located, are authorized to remain closed and other than any day on which the New York Stock Exchange or a security depository with respect to a Commonwealth Mortgage Bond is closed.

“Capital Appreciation Bond” means a Commonwealth Mortgage Bond the interest on which is payable only at maturity or prior redemption as a component of its Compounded Amount.

“Chairman” means the Chairman of the Authority.

“Code” means the Internal Revenue Code of 1986, as amended, and any successor code, including the applicable temporary, proposed and permanent regulations, revenue rulings and revenue procedures.

“Commonwealth” means the Commonwealth of Virginia.

“Compounded Amount” means, with respect to a Capital Appreciation Bond, a Delayed Interest Bond or any other Commonwealth Mortgage Bond so determined in or pursuant to the applicable Written Determinations or Prior Written Determinations, the sum of principal and accrued interest with respect to such Bond, as of any date, as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

“Dated Date” means the date on which a Commonwealth Mortgage Bond initially begins to accrue interest as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

“Defeasance Account” means a trust account or other financial arrangement whereby the Trustee holds Defeasance Obligations in trust for the payment of all Bond Amounts due and payable or to become due and payable at maturity or upon earlier redemption with respect to one or more Commonwealth Mortgage Bonds and all fees and expenses of the Trustee with respect to the administration of such trust account or other financial arrangement.

“Defeasance Obligation” means cash, any direct obligation of the United States of America, any direct federal agency obligation the timely payment of the principal of and the interest on which are fully and unconditionally guaranteed by the United States of America, and any Certificates of Accrual on Treasury Securities or Treasury Investors Growth Receipts; provided, however, that the foregoing are not subject to redemption, call or prepayment, in whole or in part, prior to their respective maturity dates.

“Delayed Interest Bond” means a Commonwealth Mortgage Bond the interest on which accrues and compounds, from its Dated Date and at an interest rate and compounding interval specified in or determined pursuant to the applicable Written Determinations or Prior Written Determinations, to a date specified in such applicable Written Determinations or Prior Written Determinations on which date such Bond shall reach its full Compounded Amount, and with respect to which, from and after such date, interest on such Bond is to be payable on such Compounded Amount on the dates and at the interest rate specified in or determined pursuant to such applicable Written Determinations or Prior Written Determinations.

“DTC” means The Depository Trust Company.

“Enhancement Agreement” means an agreement with one or more third parties which sets forth the terms and conditions upon which such third party or parties will provide for the payment of all or a portion of one or more Bond Amounts with respect to a Commonwealth Mortgage Bond or a payment to the Authority. The obligations of and any receipts by the Authority with respect to such Enhancement Agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations or an Officer’s Certificate, be payable from Assets or constitute an Asset, as applicable.

“Event of Default” means any of the events set forth in “Events of Default” below.

“Exchange Agreement” means an agreement with one or more third parties which sets forth the terms and conditions upon which such third party or parties and the Authority will exchange or make payments to the other party or parties. The obligations of and any receipts by the Authority with respect to such agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations or an Officer’s Certificate, be payable from Assets or constitute an Asset, as applicable.

“Executive Director” means the Executive Director of the Authority.

“Expense” means any expenditure payable or reimbursable by the Authority which is directly or indirectly related to the authorization, sale, delivery, issuance, remarketing, enhancement, monitoring, purchase, redemption or trusteeship of any Commonwealth Mortgage Bond or Asset.

“External Trustee” means a Trustee other than the Authority.

“Finance Director” means the Finance Director of the Authority.

“General Counsel” means the General Counsel of the Authority.

“Interest Payment Date” shall mean any date, as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations, on which interest is due and payable with respect to a Commonwealth Mortgage Bond.

“Investment Obligation” means any of the following acquired or pledged, as of the effective date of the Restated Bond Resolution or thereafter, pursuant to the Current Resolution or the 1986 Amended Resolution or pursuant to an Officer’s Certificate, except to the extent limited by any amendments to the Act:

(A) direct general obligations of the United States of America;

(B) direct obligations of any state of the United States of America or any political subdivision thereof or the District of Columbia bearing a Rating;

(C) obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America;

(D) obligations which bear a Rating and the payment of the principal of and interest on which are unconditionally guaranteed by any state of the United States of America or any political subdivision thereof or the District of Columbia;

(E) bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) issued by any one or any combination of the following: Federal Financing Corporation, Federal Farm Credit Banks (Bank for Cooperatives and Federal Intermediate Credit Banks), Federal Home Loan Bank System, Federal National Mortgage Association, World Bank, Export-Import Bank of the United States, Student Loan Marketing Association, Farmer's Home Administration, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, Inter-American Development Bank, International Bank for Reconstruction and Development, Small Business Administration, Washington Metropolitan Area Transit Authority, Resolution Funding Corporation, Tennessee Valley Authority, or any other agency or corporation which has been or may after the date of the Restated Bond Resolution be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof the bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) of which are unconditionally guaranteed by the United States of America or bear a Rating;

(F) certificates of deposit, banker's acceptances, investment contracts, and any interest-bearing time deposits which are issued by any member bank or banks of the Federal Reserve System or banks the deposits of which are insured by the Federal Deposit Insurance Corporation;

(G) Eurodollar time deposits and Eurodollar certificates of deposit the issuers of which have obligations which, at the time of acquisition of such deposits or certificates, bear a Rating;

(H) obligations, including investment contracts, of corporations which have obligations which, at the time of acquisition of such obligations including investment contracts, bear a Rating;

(I) any other investments which, at the time of acquisition thereof, bear a Rating and are legal investments for fiduciaries or for public funds of the Authority, the Commonwealth and/or its political subdivisions;

(J) repurchase agreements with respect to any of the other Investment Obligations; and

(K) any other investment (debt or equity), investment agreement, Exchange Agreement, Other Financial Agreement, swap contract, futures contract, forward contract or other obligation which, in the determination of an Authorized Officer, is a suitable investment under the Current Resolution, in light of the amount and timing of Bond Obligation payments, the amount of Assets, and the availability of monies to pay Bond Obligations as they become due, at the time of acquisition thereof.

"Managing Director of Finance and Administration" means the Managing Director of Finance and Administration of the Authority.

"Mortgage" means a mortgage deed, deed of trust, or other security instrument which secures a Mortgage Loan and which shall constitute a lien on real property and improvements thereon or on an ownership share in a cooperative housing association or on a leasehold interest under a lease and may also constitute a lien on or security interest in any personal property attached to or used in connection with any of the foregoing.

"Mortgage Loan" means each of the following financed or pledged, as of the effective date of the Restated Bond Resolution or thereafter, pursuant to the Current Resolution or the 1986 Amended Resolution and the Act or pursuant to an Officer's Certificate: (1) a loan evidenced by a financial instrument or obligation secured by a Mortgage for financing the acquisition, construction, rehabilitation and/or ownership of single family residential housing as authorized by the Act, (2) an obligation, certificate or instrument for which such a loan secured by a Mortgage is the security or the source of payment, or (3) a participation or other ownership interest in either a loan described in (1) or an obligation, certificate or instrument described in (2) with another party or parties or with another source of funds of the Authority not pledged under the Current Resolution.

"Mortgagor" means the obligor or obligors on a Mortgage Loan.

"Officer's Certificate" means a certificate signed by an Authorized Officer.

"Other Financial Agreement" means any type of agreement or arrangement not otherwise referred to in the Current Resolution that is provided for in a Written Determinations or Prior Written Determinations. The obligations of and any receipts by the Authority with respect to such Other Financial Agreement shall or shall not, as and to the extent set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations or an Officer's Certificate, be payable from Assets or constitute an Asset, as applicable.

"Outstanding" means, when used with reference to Commonwealth Mortgage Bonds and as of any particular date, all Commonwealth Mortgage Bonds theretofore and thereupon being issued except (1) any Commonwealth Mortgage Bond for which funds for the payment of all Bond Amounts due and payable or to become due and payable with respect to such Bond have been paid to the Owner thereof or are held in a Defeasance Account or Payment Account, and (2) any Commonwealth

Mortgage Bond in lieu of or in substitution for which another Commonwealth Mortgage Bond or Commonwealth Mortgage Bonds shall have been delivered. If an Officer's Certificate shall have been delivered with respect to a Commonwealth Mortgage Bond that the Authority is the Owner thereof stating the Authority's intent that such Commonwealth Mortgage Bond shall remain outstanding, such Bond does not cease to be Outstanding.

"Owner" means the party set forth in the Registration Books as the owner of a Commonwealth Mortgage Bond or any other party due a Bond Amount.

"Payment Account" means any trust account or other financial arrangement with the Trustee in which payments made by the Authority to the Trustee with respect to Bond Amounts then due and payable are held in trust by the Trustee pending disbursement to the Owners thereof.

"Principal Office" means the office so designated by the Trustee as its office for administering its duties with respect to the Current Resolution.

"Prior Written Determinations" means any written determinations that, as of the effective date of the Restated Bond Resolution, have been made pursuant to any Series Resolution with respect to Commonwealth Mortgage Bonds that are Outstanding on such effective date.

"Purchase Price" means the purchase price, including accrued interest, of a Commonwealth Mortgage Bond on a Tender Date as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

"Rating" means an investment grade rating assigned by a nationally recognized rating agency to an Investment Obligation or, if such Investment Obligation is not rated, an investment grade rating assigned to the obligor or guarantor of such Investment Obligation.

"Record Date" means the date or dates established as described in "Record Dates" below.

"Redemption Price" means the principal or Compounded Amount of a Commonwealth Mortgage Bond or portion thereof to be redeemed plus the applicable redemption premium, if any, payable upon redemption thereof.

"Registration Books" means the records of the Trustee and the Authority which set forth the Owner of any Commonwealth Mortgage Bond or any other party due a Bond Amount and such other information as is usual and customary in the securities industry or as specifically directed by the Authority.

"Restated Bond Resolution" means the resolution adopted by the Authority on September 21, 2004, amending and restating the 1986 Amended Resolution. The effective date of the Restated Bond Resolution was July 19, 2006.

"Revenues" means all net proceeds from the sale or other disposition of any Commonwealth Mortgage Bond or Asset, payments of principal of and interest on Mortgage Loans (including any moneys received by the Authority and applied to such principal and interest) and Investment Obligations, fees and penalties charged or assessed by the Authority with respect to a Mortgage Loan (excluding processing, financing, prepayment or other similar fees), income received by the Authority as owner of Authority Property (excluding such income to be applied to the payment of operating expenses or to be deposited into reserve or escrow funds for such Authority Property), and payments received with respect to an Enhancement Agreement, Exchange Agreement or Other Financial Agreement payable from Assets.

"Revenue Test" means the test set forth in "Revenue Test" below.

"Series Resolution" means any series resolution (including any amendments thereto) which, as of the effective date of the Restated Bond Resolution, had been adopted pursuant to the 1986 Amended Resolution and pursuant to which Bonds were Outstanding as of the effective date of the Restated Bond Resolution.

"Sinking Fund Installment" means the amount of principal or Compounded Amount of any particular Term Bonds to be redeemed or retired prior to the maturity date of such Term Bonds all as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

"Supplemental Bond Resolution" means any resolution of the Authority amending or supplementing the Current Resolution adopted and becoming effective in accordance with the terms of the Current Resolution on or after the effective date of the Restated Bond Resolution.

"Tax Covenant" means the covenant set forth in the last paragraph under "Covenants" below.

"Term Bonds" means the Commonwealth Mortgage Bonds as so designated in or pursuant to the applicable Written Determinations or Prior Written Determinations.

"Tender Date" means any date on which a Commonwealth Mortgage Bond is subject to tender to the Trustee or the Authority or any other party serving as tender agent for purchase as set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

“Trustee” means the trustee appointed by or pursuant to the provisions of the Current Resolution.

“Vice Chairman” means the Vice Chairman of the Authority.

“Written Determinations” means one or more determinations made in writing by an Authorized Officer which sets forth those terms and conditions authorized by the Current Resolution to be contained therein and such other terms and conditions as an Authorized Officer may deem appropriate and as shall not be inconsistent with the Current Resolution and the applicable Bond Limitations Resolution. Any such Written Determinations may be amended by an Authorized Officer from time to time prior to the issuance of Commonwealth Mortgage Bonds designated therein and may thereafter be amended as provided in the Current Resolution. Any Written Determinations shall be subject to the conditions and limitations set forth in or determined pursuant to the applicable Bond Limitations Resolution.

Assets and the Pledge Thereof

Subject only to the right of the Authority to withdraw, transfer, sell, exchange or otherwise apply Assets in accordance with the provisions of the Current Resolution, a pledge of Assets is made by the Current Resolution to secure the payment of the Authority’s obligations with respect to the Current Resolution, including any and all Bond Amounts; and subject to such right of the Authority, such Assets, regardless of their location or method of identification, are and shall be held in trust for the purposes and under the terms and conditions of the Current Resolution.

Funds and investments on deposit in any Payment Account and Defeasance Obligations in any Defeasance Account are not Assets; however, a pledge of funds and investments in any Payment Account and Defeasance Obligations in any Defeasance Account is made by the Current Resolution to secure the payment of the Authority’s obligations (including any and all Bond Amounts) on the Commonwealth Mortgage Bonds, any Enhancement Agreement, any Exchange Agreement and any Other Financial Agreement with respect to which such funds and investments and Defeasance Obligations are so deposited.

Authorization

The Current Resolution authorizes the issuance of Commonwealth Mortgage Bonds from time to time by the Authority in such amounts and upon such terms and conditions as shall be set forth in or determined pursuant to the Written Determinations approved by an Authorized Officer and the applicable Bond Limitations Resolution. Each Bond Limitations Resolution must specify, or set forth the manner for determining, the following limitations with respect to Commonwealth Mortgage Bonds issued pursuant thereto: (1) the maximum principal amount of Commonwealth Mortgage Bonds to be issued or to be Outstanding subject to such Bond Limitations Resolution; (2) the latest date by which the Authority may enter into the one or more contracts providing for the sale of Commonwealth Mortgage Bonds; (3) the minimum purchase price for the Commonwealth Mortgage Bonds upon the issuance thereof; and (4) any such other matters as the Authority deems appropriate.

Application of Assets for Payment of Bond Amounts

On any day on which a Bond Amount is due and payable (or, if such day is not a Business Day, the next Business Day thereafter), the Authority shall pay such Bond Amount from Assets or other funds of the Authority to either, at the Authority’s option, the Trustee or to the Owner of such Bond Amount. No such payment shall be made unless the Authority shall pay, in full, all Bond Amounts due and payable on such date. Any such payment to the Trustee shall be in the form of cash or Investment Obligation which is a cash equivalent and the Trustee shall make payment of such Bond Amount to the Owner thereof in accordance with the immediately succeeding paragraph. Any such payment to the Trustee shall, pending disbursement thereof to the Owner thereof, be deposited into a Payment Account.

Each Bond Amount shall be payable to the Owner thereof by check, draft, electronic funds transfer or other means determined by an Authorized Officer (which payment methodology can vary depending upon the amount of the Bond Amount, the Owner of such Bond Amount and the usual and customary practices in the securities industry as determined by an Authorized Officer) in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, unless otherwise set forth in or determined pursuant to the applicable Written Determinations or Prior Written Determinations.

Funds and investments on deposit in any Payment Account shall not be Assets and shall be unavailable for payment to Owners other than the Owners of the Bond Amounts with respect to which such funds and investments were deposited by the Authority or the Trustee in such Payment Account, and the Owners of any such Bond Amounts shall no longer have a lien on or the benefit of a pledge of the Assets with respect to such Bond Amounts but shall have a lien on, and the benefit of the pledge of, the funds and investments in such Payment Account and shall look only to such funds and investments for payment. No funds and investments shall be withdrawn from any Payment Account other than to pay the applicable Bond Amounts.

Withdrawal, Transfer, Sale, Exchange and Modification of Assets

On any date, the Authority may either directly or by direction to the Trustee (i) apply Assets to make, purchase, finance or refinance Mortgage Loans, to acquire, rehabilitate, construct, finance or refinance Authority Property, to purchase Investment Obligations and make any required payments associated therewith, to make payments pursuant to any agreement associated, related or entered into with respect to the Commonwealth Mortgage Bonds, to make payments to any party to

comply with the Tax Covenant, to purchase any Commonwealth Mortgage Bond, to pay any Expense, or to make any other withdrawal, transfer, sale, exchange or other application of Assets required, permitted or contemplated by the Commonwealth Mortgage Bonds Resolution, or (ii) subject to satisfaction of the Revenue Test described below, transfer all or any portion of any Asset to the Authority. Assets so transferred to the Authority shall not thereafter be subject to the lien or pledge created by the Current Resolution.

The Authority shall be authorized to sell or exchange any Asset to or with any party (including the Authority) at a price and/or for other assets equal to such Asset's fair market value, or subject to satisfaction of the Revenue Test described below, at any price and/or for any assets.

The Authority may modify or amend, in any manner it deems appropriate in its sole judgment, the terms and conditions of any Asset, subject to satisfaction of the Revenue Test described below or subject to the determination of an Authorized Officer that such modification or amendment is either (i) not materially adverse to the payment of any Bond Amount, or (ii) in the best interests of the Owners.

To the extent that pursuant to an Officer's Certificate the Authority pledges any funds which are not then subject to the pledge of the Current Resolution and which are expected to be thereafter used to finance Mortgage Loans until the issuance of Commonwealth Mortgage Bonds therefor, an amount of Assets equivalent to such funds, plus a reasonable charge for interest on such funds if and as determined by an Authorized Officer, may be subsequently withdrawn and transferred to the Authority without regard to the satisfaction of the Revenue Test.

Revenue Test

The Revenue Test requires that, prior to effecting any proposed action which is subject thereto, an Authorized Officer shall, based on such assumptions as such Authorized Officer shall deem reasonable (but without taking into account any future issuances of Commonwealth Mortgage Bonds and any Assets derived therefrom, or any future execution of Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets), determine that, subsequent to the effecting of such action, the anticipated Revenues (including Revenues anticipated to be derived from any acquisition, sale, transfer, exchange, withdrawal or other application or prepayment of any Asset and taking into account any default in the payment of Revenues which such Authorized Officer reasonably expects) to be derived from all Assets which are to remain or anticipated to become subject to the lien or pledge of the Current Resolution shall be at least sufficient to pay all Bond Amounts as such Bond Amounts are or are anticipated to become due and payable (by purchase, redemption, or otherwise).

Investment of Funds

Funds pledged pursuant to the Current Resolution may be invested in Investment Obligations.

Covenants

Except funds and investments in any Payment Account and Defeasance Obligations in any Defeasance Account, an asset or property may be acquired (by purchase or exchange) or financed pursuant to the Current Resolution only if such asset or property constitutes an Asset.

Subject to the Tax Covenant set forth in the following paragraph, the Authority shall do all such acts as may be reasonably necessary in the sole judgment of the Authority to receive and collect Revenues and to enforce the terms and conditions relating to the Assets.

The Authority shall at all times do and perform all acts required by the Code in order to assure that interest paid by the Authority on a Tax-Exempt Bond shall not be included in gross income of the Owner thereof pursuant to the Code.

Incurrence of Additional Obligations Payable from Assets

The Current Resolution permits the issuance of additional Commonwealth Mortgage Bonds and the execution of Exchange Agreements, Enhancement Agreements and Other Financial Agreements payable from Assets. The Commonwealth Mortgage Bonds and any Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets, regardless of the time or times of their issuance, execution or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with subparagraph (8) in "Amendments" below.

Amendments

Amendments to the Current Resolution may be made by a Supplemental Bond Resolution. Supplemental Bond Resolutions which become effective upon filing with the Trustee may be adopted for any one or more of the following purposes:

- (1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Current Resolution;

- (2) To include such provisions as are deemed by an Authorized Officer to be necessary or desirable and are not contrary to or inconsistent with the Current Resolution as theretofore in effect;
- (3) To add other covenants, agreements, limitations, or restrictions to be observed by the Authority which are not contrary to or inconsistent with the Current Resolution as theretofore in effect;
- (4) To add to the rights or privileges of the Owners;
- (5) To surrender any right, power or privilege reserved to or conferred upon the Authority by the Current Resolution;
- (6) To comply with any provision of the Code or federal or state law or regulation;
- (7) To modify or amend the Current Resolution in any respect, subject to satisfaction of the Revenue Test; provided, however, that no such modification or amendment pursuant to this Subsection (7) shall modify or delete, or shall authorize or permit any deletion or modification of, any of the following: (i) any of the covenants, rights or remedies pursuant to the Tax Covenant or the provisions of the Current Resolution relating to remedies on default, (ii) the definition of Revenue Test, (iii) any requirement for satisfaction of the Revenue Test, (iv) the definition of Defeasance Obligation, (v) the provisions of the Current Resolution relating to the constitution of the Current Resolution as a contract, the general obligation of the Authority and the pledge of Assets and Assets Held in Trust, (vi) the provisions of the Current Resolution which set forth those provisions permitting amendments to the Current Resolution, (vii) the provisions of the Current Resolution relating to the removal of the Trustee, (viii) the provisions of the Current Resolution relating to defeasance, (ix) any requirement for notice to or consent, approval or direction of Owners, or (x) the terms of redemption or the due date or amount of payment of any Bond Amount without the consent of the Owner of such Bond Amount; or
- (8) To set forth the amendments to the Current Resolution necessary or desirable to provide for the issuance of Commonwealth Mortgage Bonds or the execution of Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets, (i) on which the payment of the Bond Amounts may be subordinate to the payment of the Bond Amounts with respect to other Commonwealth Mortgage Bonds or Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets, (ii) which may have the payment of their Bond Amounts conditional upon the happening of certain events, (iii) which may not be general obligations of the Authority, (iv) which may not be secured by all or any of the Assets, or (v) whose Owners do not have all of the rights or benefits of the other Owners.

Other Supplemental Bond Resolutions may become effective only if (1) on the date such Resolution becomes effective, no Commonwealth Mortgage Bond issued prior to the adoption of such Resolution remains Outstanding and no Exchange Agreement, Enhancement Agreement or Other Financial Agreement in existence prior to the adoption of such Resolution remains payable from Assets, or (2) with consent of the Owners of at least sixty percent (60%) of the Bond Obligation responding to the request for consent within the time period as shall be established (and as may be extended) by the Authority. No such resolution shall permit a change in the terms of redemption or in the due date or amount of payment of any Bond Amount without the consent of the Owner of such Bond Amount or lower the percentage of the Owners required to effect any such amendment.

Defeasance

If (i) Defeasance Obligations shall have been deposited in a Defeasance Account, (ii) the principal of and interest on such Defeasance Obligations at maturity, without reinvestment, shall be sufficient, in the determination of an Authorized Officer, to pay all Bond Amounts when due at maturity or upon earlier redemption with respect to a Commonwealth Mortgage Bond and all fees and expenses of the Trustee with respect to such Defeasance Account, and (iii) any notice of redemption, if applicable, shall have been given to the Owner thereof or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then notwithstanding any other provision of the Current Resolution to the contrary, the Owner of such Commonwealth Mortgage Bond shall no longer have a lien on, or the benefit of a pledge of, the Assets, and such Commonwealth Mortgage Bond shall no longer be deemed Outstanding under the Current Resolution. If the foregoing requirements shall have been satisfied with respect to all Outstanding Commonwealth Mortgage Bonds and no Enhancement Agreement, Exchange Agreement or Other Financial Agreement remains payable from Assets, then the lien, pledge, covenants, agreements and other obligations under the Current Resolution shall, at the election of the Authority, be discharged and satisfied, and the Trustee shall thereupon deliver to the Authority all Assets held by it.

Defeasance Obligations shall not be Assets and shall be unavailable for payment to Owners other than the Owners of the Bond Amounts with respect to which such Defeasance Obligations shall have been deposited by the Authority in the applicable Defeasance Account. The Owners of such Bond Amounts so deposited shall have a lien on, and the benefit of the pledge of, the Defeasance Obligations in such Defeasance Account and shall look only to such Defeasance Obligations for payment.

No Defeasance Obligation shall be withdrawn from any Defeasance Account other than to pay, when due, the applicable Bond Amounts or the fees and expenses of the Trustee with respect to such Defeasance Account. If any Defeasance Obligation remains in a Defeasance Account subsequent to the payment of all the applicable Bond Amounts and all fees and expenses of the Trustee with respect to such Defeasance Account have been paid, such Defeasance Obligations shall be transferred to the Authority free of any lien or pledge of the Current Resolution.

For the purpose of defeasance, interest on any Commonwealth Mortgage Bond on which the interest is or may be payable at a variable rate shall be calculated at the maximum interest rate (or, if none, the estimated maximum interest rate as determined by an Authorized Officer in an Officer's Certificate) payable on such Bond.

Cash on deposit in a Defeasance Account shall, upon the direction of an Authorized Officer, be invested by the Trustee in Defeasance Obligations or any repurchase agreement fully collateralized, as determined by an Authorized Officer, by any Defeasance Obligations.

Trustee

Any Trustee appointed under the Current Resolution must be (1) a bank, trust company or national banking association, having trust powers, or (2) with the prior approval of its Commissioners, the Authority. U.S. Bank Trust Company, National Association currently is acting as External Trustee under the Current Resolution. The rights, responsibilities and duties of the Trustee under the Current Resolution are vested in said Trustee in trust for the benefit of the Owners. Any successor Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Current Resolution by executing and delivering to the Authority a written instrument of acceptance thereof. The External Trustee shall not be liable in connection with the performance of its duties and responsibilities under the Current Resolution, except for its own negligence or default.

Unless otherwise provided by contract between an External Trustee and the Authority, the Trustee may at any time resign and be discharged of its duties and obligations created by the Current Resolution by giving not less than ninety (90) days' written notice to the Authority. Such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Authority as provided in the Current Resolution, in which event such resignation shall take effect immediately on the effective date of the appointment of such successor. Notwithstanding anything in the Current Resolution to the contrary, the resignation of the Trustee shall not take effect until a successor Trustee shall have been appointed and shall have accepted its duties and obligations as of the effective date of such resignation.

Any Trustee may be removed at any time by the Owners of a majority of the Bond Obligation by an instrument or concurrent instruments in writing signed and duly acknowledged by such Owners or by their attorneys duly authorized in writing and delivered to the External Trustee, if any, and to the Authority. The Authority may remove any External Trustee at any time, except during the existence and continuance of an Event of Default. In the event of the occurrence and continuance of an Event of Default and in the event that the Authority is serving in the capacity of the Trustee, the Authority shall immediately appoint a successor Trustee or shall, or any Owner may, petition a court of competent jurisdiction to appoint a successor Trustee, and the Authority shall resign as Trustee as of the effective date of the appointment of such successor Trustee. No Trustee shall be removed unless, on or prior to the effective date of removal of the Trustee, the Owners, the Authority or a court of competent jurisdiction, as the case may be, shall have appointed a successor Trustee and such successor Trustee shall have accepted its duties and obligations under the Current Resolution as of the effective date of such removal. Any successor Trustee shall have the qualifications described above.

Events of Default

The Current Resolution provides that each of the following is an Event of Default: (i) a Bond Amount shall become due on any date and shall not be paid by the Authority to either the Trustee or party due such Bond Amount on said date; or (ii) a default shall be made in the observance or performance of any covenant, contract or other provision of the Commonwealth Mortgage Bonds or Current Resolution, and such default shall continue for a period of ninety (90) days after written notice to the Authority from Owners of 25% of the Bond Obligation or from the Trustee specifying such default and requiring the same to be remedied; or (iii) there shall be filed by or against the Authority as debtor a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) under any applicable law or statute now or hereafter in effect.

Remedies

Upon the occurrence and continuance of an Event of Default described in clause (i) in the prior paragraph entitled "Events of Default," the Trustee may, after notice to the Authority, and upon the written request of the Owners of not less than 25% of the Bond Obligation with respect to which such Event of Default has happened, shall, proceed to protect and enforce its rights and the rights of the Owners under applicable law or the Current Resolution. Pursuant to the Act, in the event that the Authority shall default in the payment of principal of or interest on any issue of the Commonwealth Mortgage Bonds and such default shall otherwise continue for 30 days or in the event that the Authority shall fail to comply with the provisions of the Current Resolution, the Owners of 25% in aggregate principal amount of such issue of Commonwealth Mortgage Bonds may appoint a trustee to represent the Owners of such issue of Commonwealth Mortgage Bonds, and such trustee may, and upon written request of the Owners of 25% in aggregate principal amount of such issue of Commonwealth Mortgage Bonds shall, in its name declare all such issue of Commonwealth Mortgage Bonds due and payable.

Upon the occurrence and continuance of any Event of Default, the Trustee may, after notice to the Authority, and upon the written request of the Owners of not less than 25% of the Bond Obligation, shall, proceed to protect and enforce its rights and the rights of the Owners under applicable law or the Current Resolution.

No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of the Current Resolution or for the execution of any trust thereunder or for any other remedy thereunder, unless (i) (a) such Owner previously shall have given to the Authority and the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (b) after the occurrence of such Event of Default, written request shall have been made of the Trustee to institute such suit, action or proceeding by the Owners of not less than 25% of the Bond Obligation or, if such Event of Default is an Event of Default described in clause (i) in the prior section entitled "Events of Default," by the Owners of not less than 25% of the Bond Obligation with respect to which such Event of Default has happened, and there shall have been offered to the Trustee security and indemnity satisfactory to it against the costs and liabilities to be incurred therein or thereby, and (c) the Trustee shall have refused or neglected to comply with such request within a reasonable time, or (ii) (a) such Owner previously shall have obtained the written consent of the Trustee to the institution of such suit, action or proceeding, and (b) such suit, action or proceeding is brought for the ratable benefit of all Owners subject to the provisions of the Current Resolution. No Owner shall have any right in any manner whatever by his action to affect, disturb or prejudice the pledge of Assets under the Current Resolution, or, except in the manner and on the conditions described in this paragraph, to enforce any right or duty under the Current Resolution.

However, nothing in the Current Resolution shall affect or impair the right of any Owner to enforce the payment of any Bond Amount due such Owner.

In any action, suit or other proceeding by the Trustee, the fees and expenses of the Trustee and its counsel allowed by a court of competent jurisdiction, shall be a first lien on the Assets.

All Assets collected by the Trustee pursuant to the provisions of the Current Resolution described in this "Remedies" section shall, unless otherwise directed by a court of competent jurisdiction, be held in trust by the Trustee for the benefit of the Owners, and shall be applied in a manner determined by the Trustee to comply with the terms of the Current Resolution.

In the event that the Assets held by the Authority or Trustee shall be insufficient for the payment of Bond Amounts as such become due and payable, such Assets shall be applied to the payment to the Owners entitled thereto of all Bond Amounts which shall have become due and payable, ratably, according to the amounts due and payable, without any discrimination or preference unless otherwise expressly provided in or determined pursuant to the Current Resolution.

No remedy by the terms of the Current Resolution conferred upon or reserved to the Trustee or to Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute, except as provided in the Current Resolution.

In the case of an Event of Default, the Owners of a majority of the Bond Obligation, shall have the right, subject to the provisions of the Current Resolution, by an instrument in writing executed and delivered to the Trustee, to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to Owners not parties to such direction.

Record Dates

The Trustee shall establish such Record Date(s), which the Authority may require to be subject to its prior approval, for the purposes of determining the Owner of any Commonwealth Mortgage Bond or Bond Amount or determining the Owners who are eligible to give their consent or who are to receive notices of certain events under the Current Resolution or who may exercise certain rights under the Current Resolution.

Registration

The Authority and the Trustee may deem and treat the party in whose name any Commonwealth Mortgage Bond shall be registered upon the Registration Books on an applicable Record Date as the absolute Owner of such Commonwealth Mortgage Bond, whether such Commonwealth Mortgage Bond shall be overdue or not, for the purpose of receiving payment of any Bond Amount due and payable during the time period such person is the Owner of said Commonwealth Mortgage Bond, and for all other purposes, and all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability with respect to such Commonwealth Mortgage Bond to the extent of the Bond Amount(s) so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

Law Applicable

The laws of the Commonwealth shall be applicable to the interpretation and construction of the Current Resolution, except to the extent that the laws of another jurisdiction are determined in or pursuant to the applicable Written Determinations or Prior Written Determinations to be applicable.

TAX MATTERS

Federal Taxes – Offered Tax-Exempt Bonds

The proceeds of the Offered Tax-Exempt Bonds are expected to be used as set forth in “Description of the Offered Bonds” above. The Offered Tax-Exempt Bonds and the other Series CE Bonds were issued pursuant to a common plan of financing and treated as a composite issue for purposes of the Code. Failure to comply with federal tax requirements with respect to any of the Series CE Bonds may cause interest on the Series CE Bonds, including the Offered Tax-Exempt Bonds, to be included in gross income for federal income tax purposes.

The Code provides that interest on obligations of a governmental unit such as the Authority issued to finance single family residences or to refund bonds issued for such purpose is excluded from gross income for federal income tax purposes only if certain requirements are met with respect to the terms, amount and purpose of the obligations, the use of the funds generated by the issuance of the obligations, the nature of the residences and the mortgage loans and the eligibility of the borrowers executing the mortgage loan.

The Code requires that the Authority provide restrictions in all relevant documents to permit financing only in accordance with such requirements and that the Authority establish reasonable procedures to assure compliance. These requirements and procedures are described in Appendix D. The Authority has included provisions in its program documentation and other relevant documents and has established procedures (including receipt of certain representations from Originating Lenders (as defined below, see “The Single Family Program”) and mortgagors respecting the Mortgage Loan eligibility requirements) in order to assure compliance with the Mortgage Loan eligibility requirements and other requirements of the Code. The Authority has covenanted in the Bond Resolution to comply with the Code and for such purposes, to adopt and maintain appropriate procedures. The Authority believes that the procedures and documentation requirements established for the purpose of fulfilling these covenants are sufficient to assure that the proceeds of the Series CE Bonds will be applied in accordance with the requirements of the Code so as to assure that interest on the Series CE Bonds (including the Offered Tax-Exempt Bonds) is not included in gross income for federal income tax purposes.

On the date of issuance of the Offered Tax-Exempt Bonds, Bond Counsel to the Authority delivered its opinion (its “Tax-Exempt Opinion”) that under then-existing statutes and court decisions and assuming continuing compliance by the Authority with certain tax covenants described herein, (i) interest on the Offered Tax-Exempt Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Offered Tax-Exempt Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Offered Tax-Exempt Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series CE Bonds, and Bond Counsel assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series CE Bonds (including the Offered Tax-Exempt Bonds) from gross income under Section 103 of the Code.

Bond Counsel expressed no opinion in its Tax-Exempt Opinion as to any federal, state or local tax consequences arising with respect to the Offered Tax-Exempt Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel rendered its opinion under then-existing statutes and court decisions as of the date of its Tax-Exempt Opinion, and assumed no obligation to update, revise or supplement its Tax-Exempt Opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expressed no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expressed no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series CE Bonds (including the Offered Tax-Exempt Bonds).

The proposed opinion (the “Conversion Opinion”) of Bond Counsel, to be delivered to the Authority on the date of delivery of the Offered Tax-Exempt Bonds is attached hereto as Appendix K. The Conversion Opinion will state that the conversion of the Offered Tax-Exempt Bonds to fixed interest rates to maturity, in and of itself, will not adversely affect the exclusion of interest on the Series CE Bonds (including the Offered Tax-Exempt Bonds) from gross income for federal income tax purposes. Bond Counsel expresses no opinion as to any other matter with respect to the exemption of interest on the Offered Tax-Exempt Bonds from federal income taxation or as to the treatment of any such Offered Tax-Exempt Bonds for tax purposes by any state, city, county or other jurisdiction. Bond Counsel renders its Conversion Opinion under existing statutes and court decisions as of the date of its Conversion Opinion, and assumes no obligation to update, revise or supplement its Conversion Opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Offered Tax-Exempt Bonds in order that interest on the Offered Tax-Exempt Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Offered Tax-Exempt Bonds and the other Series CE Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Offered Tax-Exempt Bonds to become included in gross income for federal income tax purposes retroactive to the date interest began to accrue, irrespective of the date on which such noncompliance occurs or is discovered.

The following is a brief discussion of certain collateral federal income tax matters with respect to the Offered Tax-Exempt Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of an Offered Tax-Exempt Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Offered Tax-Exempt Bonds.

Prospective owners of the Offered Tax-Exempt Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Offered Tax-Exempt Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

The Authority's Tax Certification, delivered concurrently with the issuance of the Offered Tax-Exempt Bonds and the other Series CE Bonds, contained provisions and procedures relating to compliance with the requirements of the Code. The Authority, in executing its Tax Certification, certified to the effect that it expected to be able to and would comply with the provisions and procedures set forth therein. The Authority also covenanted in the Current Resolution that it shall at all times do and perform all acts required by law in order to assure that interest paid on the Offered Tax-Exempt Bonds is not included in the gross incomes of the owners thereof pursuant to the Code. In furtherance thereof, if and to the extent necessary to comply with the Code, the Authority has required or will require each Mortgagor with respect to each Mortgage Loan to be financed from the proceeds of the Offered Tax-Exempt Bonds and the other Series CE Bonds to make certain covenants in the Mortgage Loan documents (the form of which is subject to the review of Bond Counsel) in order to satisfy the above described requirements of the Code. However, no assurance can be given that in the event of a breach of any such provisions, procedures and covenants, the remedies available to the Authority and/or owners of the Offered Tax-Exempt Bonds can be judicially enforced in such manner as to assure compliance with the requirements of applicable federal tax law and therefore to prevent the loss of the exclusion of interest on the Offered Tax-Exempt Bonds pursuant to the Code.

Backup Withholding and Information Reporting

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Offered Tax-Exempt Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients.

A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing an Offered Tax-Exempt Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Offered Tax-Exempt Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Federal Taxes – Offered Taxable Bonds

Interest on the Offered Taxable Bonds is included in gross income for federal income tax purposes pursuant to the Code.

The following discussion is a brief summary of certain United States Federal income tax consequences of the acquisition, ownership and disposition of Offered Taxable Bonds by original purchasers of the Offered Taxable Bonds who are "U.S. Holders," as defined herein. This summary does not discuss all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances or to U.S. Holders subject to special rules. Owners of Offered Taxable Bonds should consult with their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Offered Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Offered Taxable Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

Original Issue Discount

In general, if Original Issue Discount (“OID”) is greater than a statutorily defined *de minimis* amount, a U.S. Holder of an Offered Taxable Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Offered Taxable Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder’s method of accounting. “OID” is the excess of (i) the “stated redemption price at maturity” over (ii) the “issue price.” For purposes of the foregoing: “issue price” means the first price at which a substantial amount of the Offered Taxable Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); “stated redemption price at maturity” means the sum of all payments, other than “qualified stated interest,” provided by such Offered Taxable Bond; “qualified stated interest” is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and “*de minimis* amount” is an amount equal to 0.25% of the Offered Taxable Bond’s stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on an Offered Taxable Bond using the constant-yield method, subject to certain modifications.

Bond Premium

In general, if an Offered Taxable Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Offered Taxable Bond other than “qualified stated interest” (a “Taxable Premium Bond”), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the U.S. Holder of a Taxable Premium Bond elects to amortize the premium as “amortizable bond premium” over the remaining term of the Taxable Premium Bond, determined based on constant-yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the U.S. Holder will make a corresponding adjustment to the U.S. Holder’s basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder’s original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of an Offered Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder’s adjusted tax basis in the Offered Taxable Bond. The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Offered Taxable Bonds to be deemed to be no longer outstanding under the Resolution (a “defeasance”). (See “Defeasance” in “Summary of Certain Provisions of the Current Resolution”). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such U.S. Holder of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Offered Taxable Bonds subsequent to any such defeasance could also be affected.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to non-corporate U.S. Holders with respect to payments of principal, payments of interest and the proceeds of the sale of an Offered Taxable Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Offered Taxable Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder, and which constitutes over-withholding, would be allowed as a refund or a credit against such U.S. Holder’s United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term “U.S. Holder” means a beneficial owner of an Offered Taxable Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Virginia Taxes

Under the Act, income on the Offered Bonds, including any profit made on the sale thereof, is not included in taxable income for purposes of income taxation by the Commonwealth and by the municipalities and all other political subdivisions of the Commonwealth. All potential purchasers should consult their tax advisors regarding tax treatment of the Offered Bonds by the Commonwealth.

Proposed Legislation and Other Matters

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Offered Tax-Exempt Bonds under federal or state law or the tax-exempt status of interest on the Offered Taxable Bonds under state law or otherwise prevent beneficial owners of the Offered Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Offered Bonds.

Prospective purchasers of the Offered Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of the Holders and the Beneficial Owners, as each term is defined in the Continuing Disclosure Agreement, of the Offered Bonds, to provide certain financial information and operating data relating to the Authority by not later than 180 days following the end of the Authority's Fiscal Year (the "Annual Financial Information"), and to provide notices of the occurrence of certain enumerated events. See Appendix H for a Summary of the Continuing Disclosure Agreement, including defined terms. The Continuing Disclosure Agreement provides that the Annual Financial Information and notices of such events shall be filed by the Authority in the manner prescribed by the Municipal Securities Rulemaking Board (the "MSRB") which currently requires filing with the Electronic Municipal Markets Access ("EMMA") system established by the MSRB. EMMA's website address currently is www.emma.msrb.org.

The specific nature of the information to be contained in the Annual Financial Information or the required event notices and other terms of the Continuing Disclosure Agreement are summarized in Appendix H. These covenants have been made in order to assist the Remarketing Agents and Underwriters to comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule").

The rights of the Trustee and of Owners, including Beneficial Owners, to enforce the provisions of the Continuing Disclosure Agreement are limited as described more fully in "Enforcement" in Appendix H and any failure by the Authority to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Commonwealth Mortgage Bonds Resolution.

The Continuing Disclosure Agreement requires the Authority to provide only limited information at specified times and may not require the disclosure of all information necessary for determining the value of the Offered Bonds.

The Authority periodically compiles certain information on its bond and mortgage loan programs which is available on its website. Although the Authority presently intends to continue to compile such information and make it available on its website, it is not obligated to do so pursuant to the Continuing Disclosure Agreement.

LEGAL MATTERS

At the time of issuance of the Offered Tax-Exempt Bonds on December 14, 2023 certain legal matters relating to the authorization and validity of the Offered Tax-Exempt Bonds were the subject of the approving and tax opinion (the "Approving and Tax Opinion") of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. A copy of this opinion is attached hereto as Appendix I. Certain legal matters relating to the authorization and validity of the Offered Taxable Bonds will be the subject of the approving opinion (the "Approving Opinion") of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. The proposed form of the Approving Opinion is attached hereto as Appendix J. Bond Counsel has not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the Offered Bonds, and the Approving and Tax Opinion, the Approving Opinion, and the Conversion Opinion do not make any statement as to such matters or as to the accuracy or completeness of this Official Statement generally. In addition, certain legal matters will be passed upon for the Remarketing Agents and Underwriters by Kutak Rock LLP, Washington, D.C., counsel to the Remarketing Agents and Underwriters. Certain legal matters will be passed on for the Authority by its Chief Counsel, Fred W. Bryant or its Deputy Chief Counsel, Steven C. Mintz.

REMARKETING AND UNDERWRITING

The Offered Tax-Exempt Bonds are being purchased by the financial institutions listed on the front cover of this Official Statement as delivered in its final form (in their capacity as remarketing agents for the Offered Tax-Exempt Bonds, the "Remarketing Agents"). The Remarketing Agents have agreed, pursuant to certain terms and conditions with respect to the Offered Tax-Exempt Bonds, to purchase at a price of par all of the Offered Tax-Exempt Bonds if any are purchased. In connection with said purchase and remarketing, the Remarketing Agents are to receive a fee of \$. . .

The Offered Taxable Bonds are being purchased by the financial institutions listed on the front cover of this Official Statement as delivered in its final form (in their capacity as underwriters of the Offered Taxable Bonds, the “Underwriters”). The Underwriters have agreed, pursuant to certain terms and conditions with respect to the Offered Taxable Bonds, to purchase at the prices set forth on the applicable inside cover page hereof all of the Offered Taxable Bonds if any are purchased. In connection with said purchase and underwriting, the Underwriters are to receive a fee of \$. . .

The information regarding initial public offering prices or yields set forth on the inside cover pages of this Official Statement as delivered in its final form has been provided by the Remarketing Agents and Underwriters.

The Remarketing Agents and Underwriters and their respective affiliates may be full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, investment management, principal investment, hedging, financing and brokerage services. The Remarketing Agents and Underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services for the Authority, for which they received or will receive customary fees and expenses. (See “General Fund and Other Net Assets” in “Part III – General Information About the Authority.”)

In the ordinary course of their various business activities, the Remarketing Agents and Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Remarketing Agents and Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc. has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Offered Bonds.

Bank of America, N.A. is an affiliate of BofA Securities, Inc. and it currently provides a revolving credit agreement to the Authority. For more information on that revolving credit agreement, see “Prior and Anticipated Financings of the Authority” in “Part III – General Information About the Authority.”

Morgan Stanley & Co. LLC (“Morgan Stanley”) has entered into a retail distribution agreement with its affiliate Morgan Stanley Smith Barney LLC (“MSSB”). Under this retail distribution agreement, Morgan Stanley may distribute municipal securities to retail investors through the financial advisor network of MSSB. As part of this arrangement Morgan Stanley may compensate MSSB for its selling efforts with respect to the Offered Bonds.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the Offered Taxable Bonds and one of the remarketing agents of the Offered Tax-Exempt Bonds has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the Offered Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Offered Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the Offered Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

As noted on the front cover, the Offered Bonds are expected to receive long-term ratings of “Aaa” from Moody’s and “AAA” from Standard & Poor’s. It is a condition to the Remarketing Agents’ obligation to purchase the Offered Tax-Exempt Bonds, and the Underwriters’ obligation to purchase the Offered Taxable Bonds, that Moody’s and Standard & Poor’s shall have assigned such long-term ratings and that neither rating agency shall have lowered, withdrawn or suspended its rating prior to the Date of Delivery.

An explanation of the significance of these ratings and the ratings noted in “General Obligations of the Authority” in “Security” may be obtained from the rating agencies. The ratings are not a recommendation to buy, sell or hold the Offered Bonds and should be evaluated independently. There is no assurance that the ratings will be maintained for any period of time or that the ratings may not be revised downward or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. Circumstances that could cause a downgrade include, but are not limited to, adverse economic conditions and adverse changes to the Authority’s financial condition. Any such downward revision or withdrawal of a rating could have an adverse effect on the market price of the Offered Bonds.

MUNICIPAL ADVISOR

The Authority has retained CSG Advisors Incorporated as its municipal advisor (“Municipal Advisor”) in connection with the offering of the Offered Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor will act as an independent advisory firm and will not be engaged in the business of underwriting, trading or distributing the Offered Bonds.

LITIGATION

No litigation of any nature as of the date hereof is pending against the Authority or, to the Authority’s knowledge, threatened against the Authority (i) to restrain or enjoin the remarketing and delivery of any of the Offered Tax-Exempt Bonds or the issuance and delivery of any of the Offered Taxable Bonds, (ii) to in any material way restrain or enjoin the collection and application of Assets pledged pursuant to the Commonwealth Mortgage Bonds Resolution, (iii) in any way contesting or affecting any authority for the remarketing or validity of the Offered Tax-Exempt Bonds, the issuance or validity of the Offered Taxable Bonds or the validity of the Commonwealth Mortgage Bonds Resolution, (iv) in any material way contesting the existence or powers of the Authority, or (v) in any material way contesting or affecting the Assets pledged for the payment of the Offered Bonds.

LEGAL INVESTMENT

The Act provides, in part, that the Authority’s bonds (which would include Commonwealth Mortgage Bonds) are legal investments in which all public officers and public bodies of the Commonwealth and its political subdivisions, all municipalities and municipal subdivisions of the Commonwealth, and all insurance companies and associations, banks, bankers, banking associations, trust companies, savings banks, savings associations, savings and loan associations, building and loan associations, investment companies, administrators, guardians, executors, trustees and other fiduciaries located in Virginia may properly and legally invest funds, including capital, in their control or belonging to them. The Act further provides that the Authority’s bonds are also securities which may properly and legally be deposited with and received by all public officers and bodies of the Commonwealth or any agencies or political subdivisions of the Commonwealth and all municipalities and public corporations of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is now or may hereafter be authorized by law. However, such entities or persons may be subject to other laws or legal restrictions limiting investment of funds or the types of securities that may be deposited or received for particular purposes.

MISCELLANEOUS

The Authority has furnished all information in this Official Statement relating to the Authority. The financial statements of the Authority in Appendix A as of June 30, 2023 and for the year then ended have been examined by CliftonLarsonAllen LLP, independent certified public accountants, to the extent set forth in their report, without further review to the date hereof. CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document. Also included in Appendix A are the unaudited financial statements of the Authority as of December 31, 2023, and for the six month period then ended.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward looking statements.” In this respect, the words “estimate,” “project,” “anticipate,” “expect,” “intend,” “believe” and similar expressions are intended to identify forward looking statements. A number of important factors affecting the Authority could cause actual results to differ materially from those stated in the forward looking statements. This Official Statement is not to be construed as a contract or agreement between the Authority and the Owners of the Offered Bonds being offered hereby.

The distribution of this Official Statement has been duly authorized by the Authority.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

PART II – SUMMARY OF PROGRAMS

THE SINGLE FAMILY PROGRAM

The information that follows is provided to explain the Authority's current program of making or purchasing single family mortgage loans and servicing those loans and a small number of loans for other political subdivisions of Virginia and for Habitat for Humanity chapters in Virginia. This information should not be considered to be comprehensive or definitive.

General Description of the Single Family Program

Under its current single family program, the Authority purchases and makes single family mortgage loans from net assets of the Commonwealth Mortgage Bonds Resolution, net assets of the General Fund, proceeds from the issuance of Government National Mortgage Association ("Ginnie Mae") securities, proceeds from securitizing loans through Federal National Mortgage Association ("Fannie Mae"), proceeds from securitizing loans through the Federal Home Loan Mortgage Corporation ("Freddie Mac"), and proceeds from the issuance of Commonwealth Mortgage Bonds, for financing and/or refinancing (including the refinancing of any existing single family mortgage loan and any equity in the single family residential housing in excess of any such existing single family mortgage loan) the ownership or rehabilitation, or ownership and rehabilitation, of owner-occupied single family residential housing, including condominium units and leasehold interests in land owned by community land trusts, intended for occupancy by persons and households of low and moderate income, all as described herein. In addition, the Authority currently refinances single family mortgage loans as discussed in "Fannie Mae Financing" and "FHA and VA Streamline Refinance Programs" below. This single family program at any time may be modified, changed or waived by the Authority, in whole or in part, and with respect to any particular single family mortgage loan. The Authority services all of the loans it purchases and makes which means the Authority is responsible for complying with all applicable laws and regulations, the requirements of the mortgage insurer, if any, and the requirements of Fannie Mae, Freddie Mac, or Ginnie Mae, if applicable. It also means the Authority can implement loan modifications for borrowers whenever it deems them appropriate under the circumstances. These topics are discussed below in "Servicing of Single Family Mortgage Loans" and "Loan Modifications."

In addition, the Authority provides loan servicing, at no charge, for less than 1,100 single family mortgage loans owned by certain Habitat for Humanity chapters located in Virginia. This is a service the Authority provides to support homeownership for very low-income Virginians. The Authority has also serviced loans for other political subdivisions in Virginia and currently services less than 15 such loans, but the Authority may decide to again offer that service in the future. Except for the pledge of some loans as collateral for loans from the Authority to certain Habitat for Humanity chapters, the Authority has no interest in the loans the Authority services for such Habitat for Humanity chapters and such political subdivisions and therefore the value, performance and health of those loans have no impact on the Authority's assets or liabilities. For that reason, the statistics and characteristics of loans serviced by the Authority included in this Official Statement do not include statistics and characteristics of the loans the Authority services for such Habitat for Humanity chapters and such political subdivisions.

Summary of Types of Single Family Mortgage Loans

Below is a summary of each of the types of single family mortgage loans financed and serviced by the Authority under the single family program as more fully described herein.

<u>Type of Single Family Mortgage Loan</u>	<u>Description</u>
First Mortgage Loan	A single family mortgage loan which is secured by a lien in the form of a deed of trust, in accordance with Virginia practice, which is not subordinate to a lien for another mortgage loan. All single family mortgage loans, except Second Mortgage Loans, are First Mortgage Loans. First Mortgage Loans may be Insured Mortgage Loans or Self-Insured Mortgage Loans.
Second Mortgage Loan	A single family mortgage loan which is secured by a lien in the form of a deed of trust, in accordance with Virginia practice, which is subordinate to a lien securing another single family mortgage loan (including a single family mortgage loan made or purchased by the Authority).
Fannie Mae Mortgage Loan	A First Mortgage Loan the Authority has securitized through Fannie Mae.
Freddie Mac Mortgage Loan	A First Mortgage Loan the Authority has securitized through Freddie Mac.
Ginnie Mae Mortgage Loan	A First Mortgage Loan the Authority has securitized through Ginnie Mae.
Insured Mortgage Loan	A single family mortgage loan which is insured or guaranteed by a federal government entity or private mortgage insurance company.
Self-Insured Mortgage Loan	A single family mortgage loan which is not insured or guaranteed by a federal government entity or private mortgage insurance company. All Second Mortgage Loans are Self-Insured Mortgage Loans.

The above descriptions are qualified by the more detailed descriptions herein of the types of single family mortgage loans.

First Mortgage Loans

The Authority finances First Mortgage Loans in amounts not to exceed (i) 97% of the lesser of the single family home's sales price or appraised value or (ii) in the case of single family mortgage loans insured by the Federal Housing Administration ("FHA"), guaranteed by the Veterans Administration or Department of Veterans Affairs ("VA") or guaranteed by the United States Department of Agriculture Rural Development ("RD"), such amounts (which may exceed 100% of the sales price or appraised value for VA or RD loans) as are permitted by FHA, VA or RD. First Mortgage Loans have original terms of approximately 30 years and bear interest at fixed rates, unless they are modified after they are made as described below in "Loan Modifications." See "FHA and VA Streamline Refinance Programs" below for a discussion of FHA insured and VA guaranteed First Mortgage Loans that may be financed by the Authority in amounts in excess of the above described limits.

Second Mortgage Loans

In conjunction with First Mortgage Loans to be insured by FHA and in conjunction with Authority financed conventional loans, including Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans, the Authority finances Second Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund. Second Mortgage Loans are Self-Insured Mortgage Loans and generally have the same term and bear interest at the same fixed rate as the related First Mortgage Loan. When First Mortgage Loans are modified as described in "Loan Modifications" below, the related Second Mortgage Loans, if any, are usually modified as well.

Community Land Trusts

The Authority has financed, and expects to continue financing, single family mortgage loans secured by interests in land owned by community land trusts when the property and the lien satisfy Fannie Mae's requirements. Community land trusts typically have maximum income limits for homeowners, deliberately limiting who can purchase homes owned by the trust, and they also typically give the trustee the ability to intervene on behalf of individual borrowers to attempt to prevent foreclosure. Such restrictions could lengthen the time it takes for the Authority to complete a foreclosure which could cause the Authority to suffer losses in the event of default.

Mortgage Loan Insurance

Except for conventional loans with loan to value ratios above 80% underwritten to be qualified to be Fannie Mae HFA Preferred Mortgage Loans or Freddie Mac HFA Advantage Loans (see "Freddie Mac Financing" below for information, including a definition, about Freddie Mac HFA Advantage Loans), and all loans underwritten to be qualified to be Ginnie Mae Mortgage Loans, the Authority does not require mortgage insurance for First Mortgage Loans (see "Fannie Mae Financing" below for information, including a definition, about Fannie Mae HFA Preferred Mortgage Loans.) For Ginnie Mae Mortgage Loans, the Authority requires mortgage insurance from FHA or a mortgage guarantee from VA or RD, per Ginnie Mae requirements. For Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans with loan to value ratios above 80%, the Authority requires private mortgage insurance per Fannie Mae and Freddie Mac requirements.

Pursuant to the Authority's regulations, the Authority may impose minimum ratings on the issuers of private mortgage insurance policies; however, no assurance can be given whether the Authority will make such modifications or commence requiring such ratings.

The federal Homeowners Protection Act of 1998 (the "1998 Act") permits a borrower to cancel private mortgage insurance (for which the borrower pays the premium) on the date on which the principal balance of the single family mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reaches 80% of the original value of the residence. The original value is the lesser of the sales price or the appraised value at the time the single family mortgage loan transaction was consummated. In order to effect such cancellation, the borrower must request in writing that the cancellation be initiated, must have a good payment history with respect to the mortgage loan (i.e., no mortgage payment was, during the year beginning two years prior to cancellation, 60 or more days delinquent, and no mortgage payment was, during the year beginning one year prior to cancellation, 30 or more days delinquent), and must satisfy any requirements of the lender for evidence that the value of the residence has not declined below its original value and for certification that the borrower's equity in the residence is not encumbered by a subordinate loan. The 1998 Act further provides for automatic termination of private mortgage insurance on the date on which the principal balance of the single family mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his mortgage loan payments, on the date on which the borrower subsequently becomes current on such payments. These termination and cancellation provisions do not apply to single family mortgage loans characterized as high risk loans. Even if the private mortgage insurance is not canceled or terminated as described above, private mortgage insurance must be terminated on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. The 1998 Act also requires that borrowers be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. The 1998 Act applies to single family mortgage loans closed on or after July 29, 1999. The Authority provides the same right to borrowers whose single family mortgage loans closed prior to such effective date. The Authority has also previously provided the same

rights to borrowers of FHA insured mortgage loans, however, in the case of new mortgage loans assigned an FHA case number on or after June 3, 2013, the mortgage insurance premium for FHA mortgage insurance must continue to be collected until the earlier of the end of the mortgage term or (i) 11 years in the case of a mortgage loan having an original loan-to-value ratio not greater than 90%, or (ii) 30 years in the case of a mortgage loan having an original loan-to-value ratio of greater than 90%, and as a result, the Authority will not be permitting the cancellation of FHA mortgage insurance prior to the termination of the applicable period for collection of the premium. The Authority also permits the cancellation of mortgage insurance if the balance of the single family mortgage loans (other than FHA insured mortgage loans described in the preceding sentence) is equal to or less than 80%, or such lesser percentage determined by the Authority, of the current property value, subject to the satisfaction of such criteria, requirements and conditions as the Authority may impose for such cancellation.

Financing of Single Family Mortgage Loans

The Authority finances First Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund, the proceeds of Commonwealth Mortgage Bonds, the issuance of Ginnie Mae securities or by securitizing them through Fannie Mae or Freddie Mac. The Authority also finances Second Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund. The mortgage loans securitized through Ginnie Mae securities held under the Commonwealth Mortgage Bonds Resolution and the mortgage loans financed in whole or in part with net assets of the Commonwealth Mortgage Bonds Resolution or the proceeds of Commonwealth Mortgage Bonds are referred to herein as the “Commonwealth Bonds Mortgage Loans”.

Ginnie Mae Financing

The Authority issues Ginnie Mae securities backed by First Mortgage Loans originated or purchased by the Authority and insured by FHA or guaranteed by VA or RD. Such securities are held under the Commonwealth Mortgage Bonds Resolution or in the General Fund or are sold at market prices in order to provide funds for the origination of single family mortgage loans or for other programs and operations of the Authority. If held under the Commonwealth Mortgage Bonds Resolution, the securities are pledged as security under such resolution.

Each Ginnie Mae security represents an undivided ownership interest in a pool of single family mortgage loans. The Authority does not show the single family mortgage loans represented by Ginnie Mae securities as assets in its financial statements. The Authority services all Ginnie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority. Under Ginnie Mae’s current policy, the Authority must continue making such payments for Ginnie Mae Mortgage Loans that are in forbearance pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). See “Servicing of Single Family Mortgage Loans” below for more information on the Authority’s forbearance agreements. The Authority can give no assurance Ginnie Mae’s current policy will not change.

For certain aggregate information concerning single family mortgage loans securitized by the issuance of Ginnie Mae securities, including forbearance agreements, delinquent payments and foreclosures, see “Ginnie Mae Mortgage Loans Sold to Third Parties” in Appendix B.

No assurance can be given as to whether the Authority will continue the financing of single family mortgage loans through the issuance of Ginnie Mae securities or, if continued, as to the amount of such financings.

Fannie Mae Financing

The Authority finances Fannie Mae Mortgage Loans pursuant to agreements with Fannie Mae (the “Fannie Mae Agreements”).

Under the Fannie Mae Agreements, the Fannie Mae Mortgage Loans will finance the acquisition, or will refinance the ownership (including the refinancing of existing Authority mortgage loans), of single family homes and related costs in amounts not to exceed 97% of the lesser of (i) the sales price (if applicable) or (ii) the appraised value of the single family homes. The amount of cash, if any, receivable by the borrower at the closing of a refinancing loan is limited by Fannie Mae to the lesser of 2% of the principal amount of the refinancing loan or \$2,000.

Pursuant to the Fannie Mae Agreements, the Authority securitizes Fannie Mae Mortgage Loans through Fannie Mae’s Mortgage Backed Securities (“MBS”) program. Once securitized through Fannie Mae, the Fannie Mae Mortgage Loans are not assets of the Authority. Fannie Mae Mortgage Loans are securitized through Fannie Mae under either its HFA Preferred Risk Sharing program (“Fannie Mae HFA Preferred Risk Share Mortgage Loans”) or its HFA Preferred program (“Fannie Mae HFA Preferred Mortgage Loans”). Under the Fannie Mae HFA Preferred Risk Sharing program, the sale or securitization of a Fannie Mae Mortgage Loan is subject to a repurchase agreement in the event the mortgage loan becomes delinquent within certain parameters (generally four full months delinquent during the repurchase obligation period, which may be different for each Fannie Mae Agreement under the Fannie Mae HFA Preferred Risk Sharing program (the “Repurchase Obligation Period”) unless a default exists at the end of the applicable Repurchase Obligation Period in which case it is extended until the loan is no longer delinquent and has been current for six consecutive months). The Fannie Mae Agreements for the Fannie Mae HFA Preferred Risk Share Mortgage Loans now all have Repurchase Obligation Periods of 60-61 months. The Fannie Mae HFA Preferred Mortgage Loans do not have Repurchase Obligation Periods. Under certain circumstances Fannie Mae may require the

Authority to repurchase certain Fannie Mae HFA Preferred Risk Share Mortgage Loans and Fannie Mae HFA Preferred Mortgage Loans if the Authority is in breach of any covenant, representation, or warranty by the Authority with respect to such loans. The Authority retains the servicing rights and services all Fannie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority. Under Fannie Mae's current policy, the Authority must treat Fannie Mae Mortgage Loans that are in forbearance pursuant to the CARES Act the same way it treats Fannie Mae Mortgage Loans that are in default, which means for Fannie Mae HFA Preferred Risk Share Mortgage Loans still in a Repurchase Obligation Period the Authority must repurchase and remove such loans from their respective Fannie Mae securities if the borrower fails to pay four consecutive months. The Authority and Fannie Mae have executed an agreement which allows the Authority to replace any remaining Repurchase Obligation Period with a new Repurchase Obligation Period of 48 months for loans that are in any of the home retention workout options allowed by the Fannie Mae Servicing Guide and in forbearance, thereby postponing the Authority's obligation to repurchase those loans, and limiting the number of advances of monthly payments the Authority must make to four. For Fannie Mae HFA Preferred Mortgage Loans and Fannie Mae HFA Preferred Risk Share Mortgage Loans no longer in a Repurchase Obligation Period the Authority must advance monthly payments of principal and interest until Fannie Mae purchases the loans out of their respective Fannie Mae security; however, Fannie Mae will limit the Authority's obligation to make such payment to four months.

The Authority qualifies borrowers for Fannie Mae Mortgage Loans using income limits that do not exceed those in the Fannie Mae Selling Guide. The Authority limits the principal amount of the Fannie Mae Mortgage Loans to the maximum loan amount permitted by Fannie Mae but does not apply any maximum sales prices.

For certain aggregate information concerning Fannie Mae HFA Preferred Risk Share Mortgage Loans still in a Repurchase Obligation Period, including forbearance agreements, delinquent payments and foreclosures, see "Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period" in Appendix B.

No assurance can be given as to whether the Authority will continue the financing of Fannie Mae Mortgage Loans or, if continued, as to the amount of such financings.

The Authority may also sell or securitize single family mortgage loans through Fannie Mae under the standard Fannie Mae programs available to mortgage lenders. The Authority has not sold any Fannie Mae Mortgage Loans to Fannie Mae under the program Fannie Mae calls its whole loan program and does not expect to do so.

Freddie Mac Financing

Beginning on or about September 9, 2020, the Authority began financing through securitization by Freddie Mac, under a no recourse agreement between Freddie Mac and the Authority (the "Freddie Mac Agreement"), single family mortgage loans which satisfy Freddie Mac's requirements. Freddie Mac Mortgage Loans are securitized through Freddie Mac under its Freddie Mac HFA Advantage Loan program ("Freddie Mac HFA Advantage Loans") available to housing finance agencies. The current Freddie Mac Agreement allows the Authority to sell such single family mortgage loans to Freddie Mac indefinitely. Thus far, Freddie Mac has addressed the consequences of the CARES Act in much the same way that Fannie Mae has done as described under "Fannie Mae Financing" above, except the four payments the Authority could be required to advance would be interest only.

FHA and VA Streamline Refinance Programs

The Authority finances FHA insured First Mortgage Loans that refinance existing Authority FHA insured First Mortgage Loans pursuant to FHA's guidelines, which may be changed from time to time (each such refinancing FHA insured First Mortgage Loan is referred to herein as a "FHA Streamline Refinance Loan"). The Authority also finances VA guaranteed First Mortgage Loans that refinance existing Authority VA guaranteed First Mortgage Loans pursuant to VA guidelines, which may be changed from time to time (each such refinancing VA guaranteed First Mortgage Loan is referred to herein as a "VA Streamline Refinance Loan").

RD Single Close Construction Loan Pilot

The Authority has a pilot program for Direct Origination Loans (as defined below) that are RD guaranteed First Mortgage Loans for the purchase and installation of manufactured housing and modular housing. The Authority administers the construction disbursements with assistance from a vendor that provides inspections of construction progress and related services. The Authority is still assessing the feasibility of this pilot program and can give no assurance how long it will be offered.

Single Family Mortgage Loan Origination Procedures and Underwriting Criteria

Except as noted below, single family mortgage loans are originated for the Authority by commercial banks, savings and loan associations, private mortgage bankers and local redevelopment and housing authorities approved by the Authority to act as its originating lenders ("Originating Lenders"). Pursuant to purchase agreements ("Purchase Agreements"), the Originating Lenders originate and close the single family mortgage loans in their own names and with their own funds and the Authority purchases such single family mortgage loans upon compliance with the terms and conditions of the Purchase

Agreements. The Authority quotes prices daily that the Authority will pay to purchase First Mortgage Loans and Second Mortgage Loans from Originating Lenders based on the loan product, lock period, and interest rates offered each day. The Authority limits the compensation of Originating Lenders.

The Authority also utilizes its own employees to receive applications for single family mortgage loans (“Direct Origination Loans”) in certain areas of Virginia in which the Authority desires to increase lending activity under its single family program. In the case of Direct Origination Loans, the Authority processes and originates the single family mortgage loans and retains all fees which would otherwise be available to Originating Lenders with respect to such mortgage loans. Direct Origination Loans are committed and closed in the name of the Authority and funded by the Authority at loan closing upon compliance with all terms and conditions of the Authority’s mortgage loan approval.

Under the origination system, a prospective mortgagor submits a single family mortgage loan application to an Originating Lender or the Authority. In the case of a single family mortgage loan to finance the purchase of a residence, the application is submitted after the prospective mortgagor has contracted for the purchase of the residence. If a preliminary review indicates that the prospective mortgagor and single family mortgage loan will qualify under the Authority’s underwriting criteria and, when applicable, the Code, the Authority allows the originating lender to lock the interest rate on the loan (i.e., the Authority commits to purchase the loan at a quoted price based on the loan product, lock period and interest rate). Extensions may be granted by the Authority for which the Authority may charge additional fees.

The Authority establishes maximum sales price limits, maximum income limits, and maximum loan size limits, which vary depending principally upon location within Virginia, in accordance with its mission, policies and the Act. Certain loans do not have some of these limits or have different limits. When the Authority finances single family mortgage loans without any Tax-Exempt Bond proceeds it conforms to the maximum loan limits set by Fannie Mae, Freddie Mac, FHA, VA or RD, as applicable, but it does not impose a sales price limit. Whenever the Authority finances a single family mortgage loan, in whole or in part, with proceeds from Tax-Exempt Bonds, the Authority imposes the income and sales price limits required by the Code.

All Originating Lenders are required to enter into Purchase Agreements setting forth the conditions and requirements for origination and purchase of single family mortgage loans. The Originating Lenders must process, settle and disburse the single family mortgage loans in accordance with the underwriting standards and administrative procedures in such Purchase Agreements. For each such single family mortgage loan, the Originating Lender receives an origination fee of 1% of the principal amount of the First Mortgage Loan and a service release fee of 1.5% of the principal amount of the First Mortgage Loan. In the case of Direct Origination Loans, the Authority charges and retains any origination fee and discount points paid by the mortgagor, and the service release fee is not applicable.

The Authority has delegated to certain of its Originating Lenders the loan underwriting functions described below. Loans underwritten by the Originating Lenders pursuant to such delegation are referred to herein as “Delegated Loans.” Between 80% and 90% of the single family loans being originated are Delegated Loans. In the case of Delegated Loans, the Authority will, subsequent to the closing of the single family mortgage loans, review the loan applications and documentation and determine compliance of the mortgage loans with the Code (if applicable) and, on a test basis, with the Authority’s underwriting requirements and criteria. For loans other than Delegated Loans, applications for single family mortgage loans are submitted to the Authority for review and approval prior to loan approval.

The Authority may require the Originating Lender to repurchase or retain any single family mortgage loans which fail to meet certain standards, including loans which are not subject to mortgage insurance or guaranty (if required) in accordance with the requirements of the Authority, which fail to comply with the provisions of the Code (if applicable), which do not conform with the Authority’s sales price and income limits, which become two or more months delinquent within the first four payments due, which are not properly or timely documented as required by the Authority, which were originated based upon any misrepresentation known to the Originating Lender, or (in the case of Fannie Mae Mortgage Loans) which do not comply with Fannie Mae’s requirements due to gross negligence or fraud.

The single family mortgage loans are underwritten based on income eligibility, credit and other criteria relating to the proposed mortgagor’s ability to meet payments and compliance with the Act and the Authority’s regulations. The Authority requires the applicants to provide usual and customary documentation in support of their applications. The Originating Lender and, in the case of loans other than Delegated Loans, the Authority’s staff review the loan application, credit report, verifications of employment, bank deposits, the appraisal and other characteristics of the individual dwelling unit proposed to be financed as security for such loan. In the case of single family mortgage loans to be insured by FHA or guaranteed by VA or RD, the application and documentation are reviewed for compliance with the credit and property standards of FHA, VA or RD as applicable; however, in the case of FHA Streamline Refinance Loans and VA Streamline Refinance Loans, certain underwriting criteria and documentation normally applicable to FHA insured and VA guaranteed First Mortgage Loans are not required by FHA or VA, as applicable. Second Mortgage Loans are processed and underwritten so as to conform to all applicable requirements of the insurer or guarantor of the related First Mortgage Loan, including credit and property standards, as well as certain higher standards set by the Authority from time to time. Single family mortgage loans to be insured by private mortgage insurance are underwritten to comply with the standards of the private mortgage insurance companies. Fannie Mae Mortgage Loans are required to be underwritten in accordance with Fannie Mae’s requirements. Freddie Mac Mortgage Loans are required to be underwritten in accordance with Freddie Mac’s requirements.

When an application is approved, a mortgage loan approval is issued to the applicant. Upon compliance with the terms and conditions of the mortgage loan approval, the single family mortgage loan is closed. The mortgagor is responsible for the payment of the closing costs. The Originating Lender disburses the proceeds of the single family mortgage loan at closing, and upon compliance by the Originating Lender with the terms and conditions of the Purchase Agreement, the Authority purchases the single family mortgage loan from the Originating Lender.

Servicing of Single Family Mortgage Loans

Each single family mortgage loan is serviced by the Authority. Ginnie Mae Mortgage Loans, Fannie Mae Mortgage Loans, and Freddie Mac Mortgage Loans are also subject to additional servicing requirements imposed by Ginnie Mae, Fannie Mae, and Freddie Mac, respectively, although for Ginnie Mae the requirement at present is to comply with the servicing requirements of the federal government entity providing the mortgage insurance or guarantee. Single family mortgage loans which are insured or guaranteed by third parties are required to be serviced in accordance with the applicable insurer's or guarantor's requirements. The Authority has policies and procedures in place intended to keep its servicing in compliance with all such requirements. The Authority collects monthly payments of principal and interest and escrows. All such funds are deposited in segregated trust or custodial accounts or other accounts approved by the Authority in state or national banks or savings and loan associations, the deposits in which are insured by the Federal Deposit Insurance Corporation up to their limits which are generally \$250,000 per mortgagor. From the funds so deposited the Authority pays to the proper parties, when and if due, mortgage insurance premiums, real estate taxes and special assessments and hazard insurance premiums. The Authority remits the principal and interest to the applicable resolution, to the General Fund, or in accordance with agreements with Ginnie Mae, Fannie Mae, or Freddie Mac as applicable. The hazard and casualty insurance policies which are required by the Authority to be maintained on the mortgaged premises insure the Authority as mortgagee to the full extent of its interest in the mortgaged premises.

The Authority's single family mortgage loans are assumable only if permitted by the Authority. An exception is provided for loans (such as mortgage loans insured by FHA or guaranteed by VA or RD) that are assumable in accordance with their respective guidelines or applicable law.

In the case of default under any single family mortgage loan that is not cured, the Authority takes actions in an attempt to obtain the full benefits of any mortgage insurance or guarantee. If foreclosure proceedings are instituted, the Authority takes steps in an attempt to manage and protect the mortgaged premises under foreclosure, including maintenance of insurance on the premises, management and supervision of repairs and maintenance of the premises. In lieu of foreclosure, the Authority may, if deemed to be in its best interests and if acceptable to the mortgage insurer or guarantor (if any), accept a deed of the property from the mortgagor or approve a sale of the property that will not provide sufficient proceeds to pay the mortgage loan in full, and in such cases the lien of the deed of trust securing the mortgage loan will be released.

Both voluntarily and as directed by law or orders from mortgage insurers and guarantors, the Authority has offered forbearance agreements to its single family mortgage loan borrowers who have been financially impacted by COVID-19. The Authority entered into almost one-third of its forbearance agreements voluntarily. With some exceptions, the Authority does not receive full monthly payments from borrowers with regard to single family mortgage loans in a forbearance agreement but those loans are not considered to be in default and so the procedures for recovering from mortgage insurers and guarantors described above is not triggered. Forbearance remains one of the options for borrowers with a Fannie Mae Mortgage Loan or a Freddie Mac Mortgage Loan under regular loss mitigation options, and the hardships that may support loss mitigation continue to include hardships related to COVID-19. It is possible borrowers with loans serviced by the Authority may get additional rights to request forbearance in the future, or additional extensions of existing forbearance agreements, and the Authority could offer such forbearance and/or extensions in response to future events adversely affecting the Virginia economy. See Appendix B for data on the Authority's portfolio of single family mortgage loans which the Authority services. See also "Ginnie Mae Financing," and "Fannie Mae Financing," all in this section, "The Single Family Program," for more information on the impact of single family loans in forbearance on the Authority's operations. The Authority cannot predict the impact of such forbearances on the Authority's financial condition, operations and cash flow.

Most of the single family mortgage loans the Authority services are pledged to Ginnie Mae, Fannie Mae, Freddie Mac, Commonwealth Mortgage Bonds, or Homeownership Mortgage Bonds, for all of which the Authority has substantially similar obligations to pay investors principal and interest when due. If the principal and interest payments received on the applicable single family mortgage loans are not sufficient, the Authority must use other funds available to make the payments to the investors. Such other funds may include the Authority's cash and investments, proceeds from mortgage loans that are not pledged, advances from the Bank of America Agreement, as defined herein, proceeds from the issuance of additional bonds or certificates, or, in certain cases, cash provided by mortgage insurers, Ginnie Mae, Fannie Mae, or Freddie Mac.

See Appendix B for more information on single family mortgage loans including forbearance agreements.

Loan Modifications

In the case of delinquencies of single family mortgage loans guaranteed by VA or RD, insured by FHA, or insured by any private insurance companies, the Authority modifies the terms of such mortgage loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the mortgage loans,

reducing the interest rates to current market rates, and, in the case of FHA insured mortgage loans, the payment by FHA of insurance claims and, in the case of VA or RD, the payment of partial claims by VA or RD. In the case of delinquencies of Self-Insured Mortgage Loans, the Authority modifies the terms of the Self-Insured Mortgage Loans generally in accordance with the guidelines applicable to FHA insured mortgage loans (other than the guidelines for insurance claims) and, in certain cases, may reduce the interest rate for all or part of the remaining term of the Self-Insured Mortgage Loan to mitigate any potential losses. Any modification of Fannie Mae Mortgage Loans or Freddie Mac Mortgage Loans must be made by the Authority in accordance with Fannie Mae or Freddie Mac requirements, as applicable.

FHA requires lenders holding FHA insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. The Authority has received a letter from FHA waiving such requirement with respect to FHA insured mortgage loans financed by bonds. No assurance can be given as to whether FHA will continue such waiver or, if not continued, what the impact will be on the Authority of such discontinuance. Notwithstanding such waiver, the Authority has entered into, and expects to continue to enter into, such modifications of such mortgage loans in its discretion, including in response to several programs of assistance from the federal government to homeowners. The Authority is still determining how these programs interrelate with each other and their impact on the Authority. The programs vary in their features and scope but the main types are: (i) Partial claims for FHA loans. For this program, the Authority files a mortgage insurance claim with FHA for the amount of delinquent monthly mortgage payments, the Authority uses the claim proceeds to bring the loan current, and FHA creates a zero interest subordinate lien against the property that is repaid when the mortgage terminates, usually when the homeowner refinances or sells the home. There is a similar program for VA and RD loans. (ii) Advance Loan Modification (“ALM”) for FHA loans. For this program, the Authority calculates what the new mortgage principal payment would be if the amount of delinquent mortgage payments and escrow amounts were added to the mortgage balance, the interest rate was reduced to a current market rate, and the term extended to a new term of 360 months. If such an ALM would reduce the monthly principal and interest payment by at least 25%, the Authority offers the ALM to the mortgagor. There is a similar program for VA and RD loans and Ginnie Mae has created a pool type to accommodate loan terms up to 40 years. (iii) Grant programs may apply to all single family loans. The Authority is administrating the federal Homeowner Assistance Fund for loans in Virginia including those not owned or serviced by the Authority. For this program, the Authority is paying out grants to bring qualifying homeowners current on their mortgages. The Authority may choose to waive some or all of the fees that will not be covered by such grants for mortgage loans it services which are otherwise brought current by such grants.

The Authority may offer modifications of First Mortgage Loans that are Self-Insured Mortgage Loans to mortgagors experiencing hardship who cannot refinance their Self-Insured First Mortgage Loans because the outstanding balances exceed the current fair market values of their single family properties. Each such loan modification may include an extension of the term and/or a reduction in the interest rate for all or a portion of the term. The implementation of such loan modifications may negatively impact the revenues of the Authority but may reduce potential losses on the Self-Insured Mortgage Loans that are so modified; however, at this time the Authority cannot give any assurance as to any potential impact on revenues and losses as a result of such loan modifications. The Authority typically modifies Second Mortgage Loans when it modifies First Mortgage Loans on the same property for the same borrower. The outstanding principal balance of Second Mortgage Loans is generally small. The Authority’s modifications of Second Mortgage Loans typically consists of forgiving a portion of unpaid interest, allowing a number of payments to be missed, and then re-amortizing the remaining unpaid principal balance over the remaining loan term without changing the maturity date.

Declining Markets; Risk of Loss

The Authority finances single family residences throughout Virginia with mortgage loans secured by liens on the residences financed. Declines in home values can result in declines in the value of the collateral for the Authority’s single family mortgage loans. Home prices in Virginia have suffered significant declines during past economic recessions and depressions and they are likely to do so again during future significant economic problems, including those caused by pandemics and high rates of inflation. Although subsiding, the United States has recently experienced the highest rates of inflation in decades and the Federal Reserve has responded by raising target interest rates significantly and signaling that it is prepared to maintain target interest rates at such increased levels until inflation is brought back down to an acceptable level. The Federal Reserve’s strategy could result in another recession. See “Business Disruption Risk” in “Part III - General Information About the Authority” for more information on the negative impact of adverse external events on the Authority’s operations. Recessions, depressions, and especially the economic consequences of laws and orders issued by governments to control the spread of pandemics, are not easily understood or predicted, but their consequences are often increases in delinquencies, defaults and losses on residential mortgage loans generally, particularly with respect to residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Upon a default on a single family mortgage loan, a decline in property value will affect the Authority’s risk of loss depending upon the type of mortgage loan. In the case of an FHA insured mortgage loan, any loss to the Authority is usually limited to approximately 2-3% of the principal balance of the mortgage loan, regardless of any decline in property value. However, the Authority may suffer greater losses on FHA insured single family mortgage loans if the Authority is required by FHA to indemnify FHA for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA requirements relating to the origination or servicing of such FHA insured single family mortgage loans. From time to time, the Authority has reimbursed FHA for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA servicing requirements. The total of such payments, however, has been insignificant given the number and outstanding balance of FHA insured single family mortgage loans serviced by the Authority. In the case of a mortgage loan guaranteed by VA or RD or

insured by a private mortgage insurance company, the Authority experiences minimal loss due to any such decline in property value, except to the extent that the amount owed on such mortgage loan exceeds the value of the property by an amount greater than the maximum insurance or guarantee amount (generally 20-25% of the original loan amount). FHA, VA and RD do not pay all of the Authority's claims but the amount rejected is not material. In the case of a Self-Insured Mortgage Loan that is a Second Mortgage Loan, the Authority will usually suffer a full loss of the amount owed on such Second Mortgage Loan. In the case of any other Self-Insured Mortgage Loan, the Authority will suffer a loss to the extent that the value of the property is less than the amount owed on such Loan and, as a result, any decline in property value may increase the risk of loss on such Self-Insured Mortgage Loan.

The Authority conducts quarterly analyses of the risk of losses on single family mortgage loans (or unsecured notes related to the disposition of such loans) in the single family program to be included in the Authority's allowance for loan loss. As of December 31, 2023, such amount was calculated as follows (in millions, rounded to the nearest million):

<u>Type of Single Family Mortgage Loans or Notes</u>	<u>Amount Included in the Authority's Allowance for Loan Loss (in millions)</u>	<u>Amount Included, as a Percentage of Principal Balance of Such Mortgage Loans or Notes</u>
Self-Insured and private mortgage insurance, including those securitized through Fannie Mae and Freddie Mac	\$31	1.10%
Insured or guaranteed by agencies of the federal government (e.g., FHA, VA and RD) including those securitized through Ginnie Mae	27	0.40
Second Lien Loans	<u>10</u>	<u>5.70</u>
	\$68	0.70%

See Appendix A for the Authority's total allowance for loan loss.

In response to increased delinquencies and losses with respect to single family mortgage loans, many mortgage loan originators have implemented more conservative underwriting criteria for loans, particularly in the subprime, Alt-A and other nonprime sectors. This may result in reduced availability of financing alternatives for mortgagors seeking to refinance their single family mortgage loans. The reduced availability of refinancing options for a mortgagor may result in higher rates of delinquencies, defaults and losses on the single family mortgage loans, particularly mortgagors with adjustable rate mortgage loans or interest only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest only period, respectively.

The general market conditions discussed above may affect the performance of the Authority's single family loans and may adversely affect the Authority's financial condition.

See "Geographic Concentration in Virginia" in "Certain Programmatic Considerations" for a discussion of the risk from the concentration of single family mortgage loans in Virginia.

See "Changes in Federal or State Law and Programs" in "Certain Programmatic Considerations" for a discussion of the risk to the Authority's single family loans as a result of changes in federal or state law or programs.

Data on Single Family Mortgage Loans

Data on Mortgage Loans pledged to the Commonwealth Mortgage Bonds Resolution and other single family mortgage loans are in Appendix B.

Future Funding of the Single Family Program

The Authority expects to continue to finance the majority of its single family mortgage loans through the issuance of Commonwealth Mortgage Bonds, some of which will be Taxable Bonds and some of which will be Tax-Exempt Non-AMT Bonds, and Ginnie Mae securities and securitizing through Fannie Mae and Freddie Mac.

Other Support for Single Family Borrowers Currently Offered

The Authority has implemented a program called the Down Payment Assistance Grant that currently provides grants of up to 2.0% (2.5% for FHA insured loans) of the lesser of the purchase price or the appraised value of the home to be used for the required down payment by first time homebuyers earning 80% or less of the Authority's current income limits. Such grants are available only to homebuyers getting a First Mortgage Loan financed by the Authority the terms of which require a down payment. Because the grants are solely for down payments, the Authority does not award them in connection with loans made in conjunction with down payment assistance including, but not limited to, the Authority's Second Mortgage Loans. At this time, the Authority has neither designated a date when this program will end nor set a maximum amount of net assets of the General Fund that will be allocated to it but the Authority may at any time decide to terminate this program or reduce or limit the amount of net assets of the General Fund allocated to it. This program is a REACH Virginia program. See "General Fund and

Other Net Assets” in “Part III – General Information About the Authority” for a description of the Authority’s financing of REACH Virginia.

The Authority has implemented a grant program available to certain borrowers obtaining mortgage loans that will be guaranteed by VA or RD. The grant is up to 2.0% of the lesser of the sales price or the appraised value of the single family home and it can only be used to pay closing costs, discount points, pre-paid items and the upfront guarantee fee for RD loans or the funding fee for VA loans. Loans guaranteed by VA and RD may be for up to 100% of the purchase price so this grant could possibly allow a borrower to buy a home with very little or no out of pocket expenses.

In the Sponsoring Partnership And Revitalizing Communities (“SPARC”) program for single family borrowers, the Authority provides a limited allocation of funds to approved local governments, non-profits and housing industry partners (“SPARC Sponsors”), to provide qualifying borrowers who are approved by the SPARC Sponsors with reduced rate financing.

The Authority has reopened its program for the issuance of Mortgage Credit Certificates (“MCCs”) authorized by the Code to utilize less than \$4 million of MCC allocation. This program will end on December 31, 2024. The Authority can give no assurance regarding the impact on market share for the Authority’s single family mortgage loans resulting from the reopening of the MCC program nor the impact on the ending of this short-term MCC program.

THE MULTI-FAMILY PROGRAM

The information that follows is provided to explain the Authority’s program of making or purchasing multi-family mortgage loans and financing Authority owned multi-family developments. The Authority has made or purchased mortgage loans on multi-family developments with proceeds of bonds issued pursuant to its bond resolutions and with other moneys of the Authority. This information does not purport to be comprehensive or definitive, and the limits, amounts of financial reserves, rules and criteria described are not required by any bond resolutions and are subject to modification, change or waiver by the Authority, in whole or in part, at any time, and with respect to any particular multi-family development proposal or any particular type of multi-family development (such as multi-family developments containing a small number of units intended for occupancy by person with disabilities).

New mortgage loans to be originated under the Authority’s multi-family program are expected to be financed primarily with the proceeds of Rental Housing Bonds and net assets pledged to the Rental Housing Bonds Resolution and pursuant to the program described below. The Authority also expects to utilize other moneys of the Authority to finance other mortgage loans under its multi-family program as set forth in “General Fund and Other Net Assets” in “Part III - General Information About the Authority.” The underwriting, terms and requirements for multi-family mortgage loans financed by other moneys of the Authority are substantially the same as they are for mortgage loans financed by Rental Housing Bonds, if and to the extent applicable as described below.

The Authority was designated as a “qualified HFA” under the Risk-Sharing Act (as defined in Appendix F) and entered into a Risk-Sharing Agreement with the U.S. Department of Housing and Urban Development (“HUD”) on March 23, 2015 (see “FHA Risk-Sharing Insurance Program” in Appendix F for a description of the FHA Risk-Sharing Insurance Program (the “Risk-Sharing Program”). In conjunction with the Risk-Sharing Program the Authority elected to participate in a program offered by the Federal Financing Bank (the “FFB”) for the financing of mortgage loans insured pursuant to the Risk-Sharing Program. The Authority has financed eight mortgage loans with such FFB financing but it can give no assurance it will finance any more. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase (i.e., to fund) any obligation that is fully guaranteed by another federal agency. To the extent that FFB financing is utilized to finance particular mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bonds Resolution (other than on a temporary basis prior to such FFB financing).

General

Substantially all of the multi-family mortgage loans currently financed by the Authority are secured by first liens, and the Authority expects that most multi-family mortgage loans hereafter financed by the Authority will be secured by first liens. Under the Act, the Authority may finance a multi-family mortgage loan secured by a first lien on a leasehold estate if the term of the lease is at least twice the term of the multi-family mortgage loan. Since 2019, the Authority has increasingly financed multi-family mortgage loans secured by leasehold estates. Having a lien on a leasehold estate poses more risk than taking a lien on a fee simple estate primarily because the leasehold estate could be extinguished because of a borrower default, or some other reason, and because the value and marketability of the leasehold estate is reasonably expected to decline as the end of the lease term approaches. In addition, the Authority has financed and expects to continue to finance some multi-family developments, including those secured by a first lien on a leasehold estate, which are subject to maximum tenant income limits imposed by the jurisdiction in which the development is located or by private entities making substantial contributions to the development. The Authority considers such maximum tenant income limits during its underwriting of the loan. It is increasingly common for such parties to ask that such maximum tenant income limits remain in place even after the Authority forecloses on its first lien and the Authority often agrees to allow it, subject to the Authority determining the risk is acceptable and, in some instances, subject to the requirement that the limits automatically change to higher or more flexible limits upon foreclosure. Allowing such maximum tenant income limits to remain in place post-foreclosure could lower the value of the collateral by limiting the development’s income which could adversely impact the Authority’s ability to recover its losses in the event of borrower default. Some of the Authority’s first liens are on portions of buildings that are not otherwise subject to the same lien, such as

one or more condominium units where there are other condominium units. The potential difficulty of managing a portion of a building could negatively impact the market value of such property when or after the Authority forecloses.

Generally, the multi-family mortgage loans bear interest at fixed interest rates (although the multi-family mortgage loan may bear interest at a variable rate during the construction period, if any) and are fully amortizing over the term of the multi-family mortgage loan, although the Authority will for certain large new construction developments allow one year of interest only payments commencing at the conversion of the construction loan to permanent financing but in such cases the loan will then fully amortize thereafter to maturity, and the Authority has occasionally structured the mortgage loan (and may do so in the future) to have a balloon principal payment due on the maturity date of the mortgage loan if the amount of such balloon principal payment is expected to be less than the projected value of the development on the maturity date of such mortgage loan.

Developers sometimes ask the Authority to issue Tax-Exempt Bonds with very short maturities, primarily to meet requirements of the federal low-income housing tax credit program. The Authority's standard policy is to accommodate this request if the developer either gives the Authority an irrevocable letter of credit for the full amount of such short-term bonds, or can meet the following standards: (i) the proceeds of the short-term bonds are only to be used to meet the federal low-income housing tax credit program's 50% test, (ii) the developer must give the Authority an irrevocable letter of credit for at least 30% of the amount of such short-term bonds, and (iii) the developer must pay the Authority a fee of 2% of the amount of the short-term bonds not covered by the irrevocable letter of credit, which is in addition to the Authority's other loan fees. The Authority has, and may again in the future, consider other forms of security.

Federal Programs and Requirements

Neither the Act nor the Rental Housing Bonds Resolution requires that multi-family mortgage loans be insured or guaranteed by the federal government or private mortgage insurance companies or that multi-family developments financed under the multi-family program be entitled to or eligible for federal assistance (see Appendix F for a description of certain federal programs under which the Authority has previously financed, and may finance in the future, multi-family developments). The Authority has financed, and expects to finance in the future, multi-family developments assisted under the Low-Income Housing Tax Credit Program described in Appendix F. The Authority does not expect to finance substantial principal amounts of new multi-family developments assisted under the other federal programs described in Appendix F; however, the Authority has refinanced, and expects to refinance in the future, mortgage loans (of the Authority or other governmental entities) which are then financing such multi-family developments. The Authority has financed, and may finance in the future, increases in the outstanding principal amounts of the Authority's existing mortgage loans on multi-family developments that are assisted under such federal programs. In addition, the Authority has financed, and may finance in the future, mortgage loans on multi-family developments which are not currently financed by the Authority and which, prior to financing by the Authority, were assisted under the Section 236 Interest Reduction Payments Program (the "Section 236 Program") or the Section 8 Program described in Appendix F and, after such financing, may receive assistance under the terms of the agreements related to the applicable program and be subject to the rental and occupancy requirements under such program.

The Housing Assistance Payments Contracts ("Payments Contracts") providing the federal subsidies for the multi-family developments under the Section 8 Program described in Appendix F have original terms of approximately 30 or 40 years and have expired. Under current federal policy, upon such expiration, the mortgagor and a Section 8 contract administrator designated by HUD may, with the approval of HUD, enter into new Payments Contracts with terms not exceeding 20 years, but the annual funding of the subsidy under such new Payments Contracts ("Renewal Contracts") will be subject to annual appropriations by the federal government. The appropriations for Renewal Contracts may be adversely affected by changes in federal spending as described in Appendix F, and no assurance can be given as to the levels of annual appropriations that will be available for funding Renewal Contracts in the future. If the mortgagor enters into a Renewal Contract, the Authority may provide a new multi-family mortgage loan to finance the development, including the costs of any rehabilitation. Because the continuation of the subsidy under such Renewal Contract is subject to annual federal appropriations, the Authority underwrites such new multi-family mortgage loans using the lesser of the contract rents under the Renewal Contract or the estimated market rents for the multi-family development, unless the development financing is part of either a RD program or a public housing transformation initiative such as Section 18 Demolition/Disposition, Rental Assistance Demonstration, Streamlined Voluntary Conversions for Projects of Small Public Housing Agencies, and Mixed-Finance Structure, in which case the Authority underwrites the mortgage loan using the full contract rents under the Renewal Contract. In addition, for certain developments that are neither public housing nor RD with rental assistance subject to annual federal appropriation, the Authority may, in its sole discretion, underwrite the financing using something in between the market rents and the contract rents depending on current market conditions. The Authority has financed, and expects to finance in the future, such new multi-family mortgage loans. In addition, for certain of the Section 8 assisted multi-family developments, the Authority has provided, prior to the expiration of the original Payments Contract, additional mortgage loan financing that will mature after the scheduled expiration of such original Payments Contract, and in certain cases the monthly payments of principal and interest on such additional mortgage loan financing may not commence until the maturity date of the original mortgage loan or the expiration of the original Payments Contract. In underwriting such additional multi-family mortgage loan financing, the Authority uses the lesser of the contract rents under the original Payments Contract or the estimated market rents for the multi-family development for the period that the additional mortgage loan will be outstanding after the expiration of the original Payments Contract. The Authority may provide, and expects to provide in the future, such additional multi-family mortgage loan financing for other multi-family developments.

The agreements that provide monthly payments of interest to the Authority under the Section 236 Program, as described in Appendix F, have original terms of 40 years that expire on or about the maturity dates of the mortgage loans. All of the Authority's multi-family mortgage loans financing multi-family developments assisted under the Section 236 Program have been paid in full.

The Authority has also financed multi-family developments which, at the time of such financing were being financed by a 1% interest rate mortgage loan by Rural Housing Service ("RHS") in the U.S. Department of Agriculture under its Section 515 program and were receiving rental subsidies under its Section 521 program similar to subsidies under the Section 8 program. Upon such financing by the Authority, the lien securing the RHS mortgage loan was subordinated to the lien securing the Authority multi-family mortgage loan, and the rental subsidies were continued. The Authority underwrites its new mortgage loans for these multi-family developments using the contract rents under the RHS 521 program. An example of the risk associated with subsidies subject to annual appropriations from the federal government is the case of four such developments that had the renewal of their subsidy contracts delayed as a result of the sequestration by the federal government of funding in its 2013 fiscal year. Although at this time RHS has not failed to renew a Section 521 subsidy contract for a multi-family development financed by the Authority, no assurance can be given as to whether subsidy funding for multi-family developments assisted by RHS will continue, in whole or in part, in future fiscal years or as to the impact on the Authority of any subsidy reductions or terminations, including possible defaults and foreclosures of the Authority's multi-family mortgage loans on such multi-family developments.

The Authority has financed and may in the future finance developments that are in HUD's Rental Assistance Demonstration Program (the "RAD Program"). Under the RAD Program, certain restrictive covenants which restrict the property's uses and tenant incomes, and therefore which negatively affect the property's market value, are superior to the lien of the deed of trust securing the Authority's loan so that those restrictive covenants survive foreclosure. The RAD Program provides subsidies to developments which are subject to annual appropriations from the federal government. When the Authority finances a development in the RAD Program it could end up with a loan secured by a lien on a development that receives no federal subsidies and is subject to restrictive covenants limiting the property's uses and tenant incomes which would increase the Authority's risk of loss with regard to that loan. The Authority's policy for lending to developments in the RAD Program is a risk analysis and public policy evaluation on a case by case basis. See "General Fund and Other Net Assets" in "Part III – General Information About the Authority" for a discussion of the Authority's special allocation of resources to support certain programs in Virginia, including the RAD Program.

See Appendix F for further discussion of the requirements under the Section 8 Program, Section 236 Program and Low-Income Housing Tax Credit Program, including the income limits for tenants occupying the units in the developments assisted under those Programs.

Requirements Applicable to Developments Financed by Tax-Exempt AMT Bonds and Tax-Exempt Non-AMT Bonds

The following requirements apply to multi-family developments which are to be or which have been financed, in whole or in part, with proceeds of Tax-Exempt AMT Bonds or Tax-Exempt Non-AMT Bonds.

Under the Code, multi-family developments financed by Tax-Exempt AMT Bonds or Tax-Exempt Non-AMT Bonds must meet a requirement that either (i) at least 20% of the units in such multi-family development be occupied during the Qualified Project Period (as defined below) by individuals whose incomes are 50% or less of area median gross income, as adjusted for family size, or (ii) at least 40% of the units in such multi-family development be occupied during the Qualified Project Period (as defined below) by individuals whose incomes are 60% or less of area median gross income, as adjusted for family size. (The foregoing requirement is hereinafter referred to as the "20/50 or 40/60 Requirement," as applicable.)

The term "Qualified Project Period" for the Tax-Exempt AMT Bonds and Tax-Exempt Non-AMT Bonds is defined in the Code such that its ending date is the latest of (i) the date which is at least 15 years after the date on which 50% of the units in such multi-family development are first occupied, (ii) the first day on which no Tax-Exempt Bond issued with respect to such multi-family development is outstanding, or (iii) the date on which any assistance provided with respect to such multi-family development under Section 8 terminates.

In addition to the 20/50 or 40/60 Requirement, all of each such multi-family development's units must remain rental property throughout the applicable Qualified Project Period.

Requirements Applicable to Developments Financed by Transitioned 1954 Code Tax-Exempt Non-AMT Bonds

The following requirements apply to multi-family developments to be financed or which have been financed, in whole or in part, with proceeds of certain Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund certain bonds described below. The Authority may also issue Transitioned 1954 Code Tax-Exempt Non-AMT Bonds to finance multi-family developments owned by the Authority, other governmental entities or charitable organizations exempt from federal taxation under Section 501(c)(3) of the Code, and to finance Authority owned property (including its offices).

Multi-family developments financed by certain Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds which were either issued on or after January 1, 1981, and before August 16, 1986 or issued pursuant to a transition rule in the Tax Reform Act of 1986 are subject to certain restrictions as to the use and occupancy of units therein under the Code and

the predecessor provisions of the Internal Revenue Code of 1954, as amended (the “1954 Code”). Such multi-family developments consisting of residential rental property, as such term is defined in Section 103(b)(4) of the 1954 Code, are subject to the requirement that (i) at least 20% of the units in each multi-family development financed by such bonds (15% if the development is located in certain low income or economically distressed areas) be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes do not exceed 80% of the median income for the area (the “20/80 Requirement”), (ii) all of the units of each multi-family development be rented or available for rental on a continuous basis for the longer of the remaining term of the applicable series of such bonds or the Qualified Project Period for the multi-family development, and (iii) no building in any multi-family development contains less than 5 units if one of such units is occupied by an owner of the units. The 20/80 Requirement does not apply to multi-family developments financed by Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds issued prior to January 1, 1981.

The term “Qualified Project Period” means (i) for the above described Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds issued prior to September 4, 1982, a period of 20 years commencing on the date of initial occupancy of the multi-family development or the date of issuance of such bonds, whichever is later, and (ii) for the above described Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds issued on or after September 4, 1982, a period commencing upon occupancy of 10% of the units in the multi-family development and ending on the later of (i) the date which is 10 years after occupancy of 50% of the units in the multi-family development, (ii) the date which is subsequent to initial occupancy of any unit in the multi-family development by a period of time equal to one-half of the sum of the period the refunded bonds were outstanding and the longest term of the Transitioned 1954 Code Tax-Exempt Non-AMT Bonds or (iii) the date upon which any Section 8 assistance for the multi-family development terminates.

Multi-family developments that are financed by Transitioned 1954 Code Tax-Exempt Non-AMT Bonds and that are owned by the Authority, by other governmental entities or by charitable organizations exempt from federal taxation under Section 501(c)(3) of the Code are not subject to the 20/50 or 40/60 Requirement or the 20/80 Requirement. However, if any multi-family development that is financed by Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued after August 16, 1986 and that is owned by such a charitable organization shall not be newly constructed or substantially rehabilitated, such multi-family development shall be subject to the 20/50 or 40/60 Requirement.

Authority Income Limits

The Authority has established income limits for the admission of families and persons to Authority financed multi-family developments. Under the Authority’s current rules and regulations (which are subject to change), the adjusted family income as defined by the Authority for admission to a rental unit in a multi-family development may not exceed 150% of the area median gross income, except as described below regarding economically mixed multi-family developments. In addition, the Authority’s rules and regulations authorize the establishment of lower income limits with respect to particular mortgage loans or categories of mortgage loans. When the Authority imposes income limits on multi-family developments in connection with its financing or subsidizing of such developments the limits are designed to promote the Authority’s mission and, when applicable, to satisfy the requirements of federal or other non-Authority programs, including requirements imposed by the Code. Such income limits may increase the risk that the borrower will not earn enough in rents to service the loan and maintain the collateral for the loan, but the Authority attempts to limit such risks when it underwrites the loans. The Authority’s current income limits policy is as follows: (i) developments with highly subsidized mortgage loans, as determined by the Authority, are subject to income limits of 50% of the units restricted to tenants with incomes not exceeding 50% of the area median income, as determined by the Authority, and 50% of the units restricted to tenants with incomes not exceeding 150% of such area median income, unless they are also subject to federal low-income housing tax credits in which case the Authority simply imposes the same restrictions imposed by the federal low-income housing tax credits; (ii) developments financed with proceeds of Tax-Exempt Bonds are subject to the applicable income limits imposed by the Code, as discussed above in “Requirements Applicable to Developments Financed by Tax-Exempt AMT Bonds and Tax-Exempt Non-AMT Bonds,” with the balance of their units restricted to tenants with incomes not exceeding 150% of the area median income, as determined by the Authority, and such developments typically have additional income and rent limits imposed by the requirements of an award of federal low-income housing tax credits; (iii) developments financed under the Authority’s economically mixed development program are subject to the income limits described below in “Economically Mixed Multi-Family Developments” and (iv) all other developments financed by the Authority are subject to income limits of 100% of the units restricted to tenants with incomes not exceeding 150% of the area median income, as determined by the Authority. Notwithstanding the current income limits described above, the Authority may, from time to time, impose different income limits for particular loans as part of short-term partnerships with entities wanting to provide financing for affordable housing in Virginia. See Appendix F for income limitations under certain federal programs.

Economically Mixed Multi-Family Developments

The Authority has financed and expects to finance in the future, economically mixed multi-family developments in which a portion of the units (not to exceed 80%) will not be subject to the Authority’s income limits. The Authority is also authorized to finance in such multi-family developments non-housing buildings or portions thereof for manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings. The Authority has set the minimum set-aside for such economically mixed multi-family developments not financed by Tax-Exempt Bonds as 20% of the units restricted to tenants with incomes not exceeding 80% of area median income, as determined by the Authority. All such developments which are 15,000 square feet or larger and which have non-housing buildings or portions thereof must have at least 60% of their income derived from their residential portion. The

Authority has offered different options in the past and may modify, eliminate or replace the options described above in the future.

Underwriting

When a sponsor submits a proposal for a multi-family development to the Authority, it is assigned to an Authority staff Development Officer, who evaluates the proposed multi-family development concept, the multi-family development site and its location. Based upon the initial screening, the Development Officer will then evaluate the suitability of the site and the adequacy of the market for rental housing in the area. The evaluation will include an analysis of the site characteristics, the surrounding land uses, the available utilities, transportation, employment opportunities, recreation opportunities, shopping facilities and other factors affecting the site. An initial evaluation is made of the experience and financial capacity of the general contractor and the qualifications of the architects, attorneys and rental agent of the proposed multi-family development at this time. The Authority's review includes a projection of rental levels and the adequacy of the rental and other income to sustain the proposed multi-family development based upon the assumed occupancy rate and existing construction and financing costs, as well as the compatibility of such rent levels with Authority programs and goals. During this stage of processing, the Chief Executive Officer notifies the Board of the proposed mortgage loan and, absent any objection by the Board, approves the mortgage loan, subject to satisfactory completion of the underwriting as described below.

After the above-described evaluation and review, the sponsor must submit additional information, including an analysis of the multi-family development's costs and operating expenses, marketing and management information and information about the sponsor and the development team. An analysis of the economic feasibility of the multi-family development, including estimates of construction cost and rental and other income necessary to cover mortgage loan amortization and operating expenses, is made. The Authority's Development Officer evaluates overall market conditions, makes a site evaluation, identifies and analyzes competitive projects, and gives an opinion on the present and projected demand for the multi-family development in the market area. The analysis of overall market conditions includes trends and projections of housing production, employment and population for the market area. The site evaluation includes access and topography of the site, the neighborhood environment of the site, facilities serving the site and present and proposed uses of nearby land.

A review of the management and marketing information is made with attention to marketing strategies, operating budgets and affirmative marketing. Particular emphasis is given to determining if the operating costs are realistic and if the proposed managing agent is qualified to manage the multi-family development in conformity with the management standards and procedures established by the Authority. Schematic and preliminary drawings, specifications and site plans are reviewed by the Authority's staff architect for design concept with emphasis being placed on functional use for the residents and marketability over the life of the multi-family development. Energy conservation and economy also are emphasized.

Generally, the Development Officer reviews the financial statements of both the sponsor and the general contractor and may also obtain independent credit reports on both. All individuals who are principals in the proposed mortgage may be asked to submit personal financial statements for review.

During its feasibility review, the Authority must determine that, based on the actual or projected interest rate and amortization schedule on the mortgage loan and an operating expense budget, the mortgage loan amount will not result in rents which adversely affect feasibility. Construction costs are reviewed and analyzed by the Authority's staff to determine whether such costs are reasonable based on costs of similar developments. An appraisal of the land is obtained from an independent real estate appraiser. For the purpose of analyzing the feasibility of the multi-family development, the Authority's underwriting guidelines provide that (i) the loan-to-value ratio may not exceed 90%, in the case of for-profit mortgagors, and 100%, in the case of non-profit mortgagors, (ii) the term of the mortgage loan may not exceed 40 years, and (iii) the debt service coverage, which is calculated as the net operating income (i.e., the rental income less operating expenses) divided by the debt service on the mortgage loan, may not be less than 110%; however, the foregoing policies may be waived or modified by the Authority at any time. If upon completion of these analyses the Chief Executive Officer approves the multi-family development, a commitment for a mortgage loan is issued with any terms or conditions specified by the Chief Executive Officer.

Commitment and Initial Closing

Upon receipt and acceptance of a mortgage loan commitment, the sponsor is to direct its attorney to prepare the documents for the initial mortgage loan closing. After review and approval by the Authority of all loan documents and final working drawings and specifications, the initial closing of the multi-family mortgage loan will be held. At this closing the mortgagor and the Authority will execute all documents required by the commitment, and the mortgagor will make any required equity investment and other deposits required by the multi-family mortgage loan commitment.

Construction

The Authority has established various requirements intended, in particular, to assure timely completion of construction and to provide funds in the event difficulties are encountered during construction. Among these requirements, which may be waived by the Authority, are the following: a holdback equal to 10% of construction disbursements through 50% completion which is disbursed when the loan converts to permanent financing; unconditional, irrevocable letters of credit (generally 7.5-12.5% of construction costs) to secure completion of construction; and letters of credit to secure correction of latent construction defects (generally 2.5% of construction costs).

In addition, the Authority requires all of the necessary construction funding that will come from sources other than the proceeds of the Authority's construction loan (referred to in this paragraph as "required equity") be disbursed and used for the construction before any of the proceeds of the Authority's construction loan are disbursed. The Authority allows exceptions to this policy under the conditions described below in this paragraph, typically when the low-income housing tax credit investor offers more money in exchange for a delay in the disbursement of some of its share of the required equity, and under current market conditions such exceptions are becoming more common. For the Authority to allow such an exception, the schedule for disbursements of required equity must at least meet the minimum schedule described below and the developer must pay a fee to the Authority which is generally between 1% and 2% of the amount of required equity not disbursed at closing, depending on the amounts and the timing of the disbursements of the required equity. The minimum schedule for the disbursement of required equity is: 25% of the total required equity paid in at loan closing from a disbursement from the low-income housing tax credit investor, as either a bridge loan or cash investment, net of any developer fee payment or other cost not included in the Authority's loan to cost calculation; 50% of all required equity disbursed on or before 50% construction completion; and 100% of all required equity disbursed by the end of construction.

Construction of the multi-family development generally commences within 30 days after the initial closing. During construction, the Authority's field inspectors make frequent on-site observations of the progress of construction. The Authority approves or disapproves all construction loan disbursements and construction change orders.

Final Closing and Certifications

Upon completion of construction, the Authority makes a final review to determine that, based on its inspection of the multi-family development and the representations of the architect, (i) construction of the multi-family development has been completed in accordance with approved plans and specifications and other terms of the multi-family mortgage loan, and in accordance with any applicable zoning, building, housing and other codes and ordinances, and (ii) the multi-family development is in good and tenantable condition. If the final review is satisfactory, the general contractor and the mortgagor submit cost certifications of all actual costs of construction and development. Some cost certificates must be completed by an independent certified public accountant in accordance with the Authority's guidelines to ensure compliance with the Code. In the case of multi-family developments having limited rehabilitation, the mortgagor is required only to certify that the costs are reasonable, ordinary and necessary for such rehabilitation.

Prior to final closing the Authority's staff reviews and approves the cost certifications, final title insurance policy and certain documents required by the Authority, such as final plans and specifications, as-built survey, waiver of liens and the architect's certification as to completion of the multi-family development. Upon final closing the final multi-family mortgage loan amount is established and disbursement of the remaining mortgage loan proceeds is made.

The final multi-family mortgage loan amount may be reduced from the initial closing amount based upon the certification of actual costs. Although it is the Authority's present policy not to grant multi-family mortgage loan increases at the final closing of a multi-family mortgage loan, a multi-family mortgage loan increase may be granted if deemed justified by the Authority.

Permanent Financing

In the case of a mortgage loan which is to provide only the permanent financing for a multi-family development, certain of the above described processing procedures relating to the closing of the mortgage loan and the construction of the multi-family development are inapplicable (e.g., the closing of the multi-family mortgage loan is held upon completion of construction, if any, of the multi-family development in accordance with the plans and specifications approved by the Authority and upon satisfaction of the conditions of the commitment, and the proceeds of the multi-family mortgage loan are fully disbursed at such closing).

Regulation and Management

Generally, each multi-family development is subject to a regulatory agreement between the Authority and the mortgagor, which regulates the occupancy, management and operations of the multi-family development. However, the rents to be charged for units in a multi-family development are established by the mortgagor without the approval of the Authority. The management of the multi-family development is also governed by a housing management agreement between the mortgagor and its management agent or, if the mortgagor and the management agent are the same entity, between the mortgagor and the Authority. In the case of a multi-family development that is not financed by Tax-Exempt Bonds and that has an original principal amount of less than \$2 million, the Authority does not require the execution of a regulatory agreement but does require the inclusion of covenants in the deed of trust regulating the occupancy, operation and ownership of the multi-family development.

The Authority has the right to terminate the housing management agreement for just cause as determined by the Authority. After completion of construction and occupancy, the Authority periodically inspects the multi-family development and conducts spot audits of the management agent's verification of resident eligibility, receives a report on the multi-family development accounts, accounts payable and receivable and multi-family development bank accounts, and generally observes all management operations. Except in the case of mortgage loans having an outstanding principal balance of less than \$1 million, the mortgagor is required to submit monthly reports to the Authority which include information on the status of accounts payable and receivable for the multi-family development, occupancy of the units, and operating income and expenses.

When any potential problems are identified, the Authority attempts to determine the causes in order to facilitate the initiation of appropriate corrective action, which may include management changes, additional equity contributions by the mortgagors, foreclosure, loan modification and other appropriate remedial actions.

After final closing, each mortgagor typically pays a monthly amount to fund a reserve for replacements account for the multi-family development. Such monthly amounts may be discontinued if the balance in such account is maintained at the equivalent of three years of reserve deposits, a capital needs study shows that reserves are at a sufficient level or another party is collecting reserves. In addition, on a case by case basis, the Authority may not require such monthly amount if the Authority determines that such deposit is not warranted. The mortgagor may request the withdrawal of funds from the reserve for replacements account for payment of the cost of major replacement items. Disbursements are to be made in accordance with the Authority's determinations as to what is in the best interest of the multi-family development.

An escrow account for the payment of real estate taxes and hazard insurance premiums is maintained by the Authority for each multi-family development after final closing and is funded by monthly payments by the mortgagor of 1/12 of the estimated annual real estate tax assessments and hazard insurance premiums. The Authority pays real estate taxes and hazard insurance premiums for each multi-family development out of the sums available for each multi-family development from the mortgagor's deposits. The mortgagor is required to contribute additional funds in the event of a deficiency in the escrow account. In addition, on a case by case basis, the Authority may not require a real estate tax and insurance escrow if the Authority determines that such escrows are not warranted.

In recent years, owners of multi-family developments in Virginia have seen significant increases in the premiums they pay for hazard insurance for their developments and in some instances they have found their insurers unwilling to renew their policy. The increases vary but properties that have more potential exposure to future storms or other natural disasters appear to suffer higher rates of premium increases and non-renewals. The Authority may see an increase in requests for loan modifications as a result of this trend and the Authority expects to adjust its underwriting to better address future insurance costs, both of which could negatively impact the Authority's earnings.

See Appendix F for a description of certain additional restrictions imposed by federal law and regulations regarding the use and occupancy of multi-family developments.

Delinquencies and Foreclosures; Risk of Loss; Forbearance

As of December 31, 2023, all mortgage loans were current in their payments. As of December 31, 2023, the Authority owned, as a result of foreclosure or deed in lieu of foreclosure, one development financed, in whole or in part, with proceeds of bonds (including Rental Housing Bonds) (the "Owned Developments"). The Authority reports losses in its financial reports when it takes title to such Owned Developments and reports additional losses when subsequent appraisals of such Owned Developments show declining values. Typically, the operating income of such Owned Developments covers their operating expenses.

For multi-family developments experiencing financial difficulties, the Authority may also restructure the timing of the receipt of the principal and interest payments on the multi-family mortgage loan or reduce the interest rate on a temporary or permanent basis. Sudden and extraordinary negative disruptions to the Virginia economy may lead to a materially higher number of such multi-family mortgage loan restructurings than is otherwise typical. See "Declining Markets; Risk of Loss" in "The Single Family Program" and "Business Disruption Risk" in "Part III – General Information About the Authority" for additional disclosures regarding economic and disruption risks from adverse external events.

In response to COVID-19, the Authority offered a forbearance plan in addition to its normal willingness to consider loan modifications. The forbearance plan was offered to all borrowers with multi-family loans serviced by the Authority for loan payments, including reserves, due May through September of 2020. All multi-family loans, including construction loans, which were in forbearance under this program are now back to their original loan repayment schedule, in the forbearance repayment period, which was up to 48 months, or paid in full. No assurance can be given that similar plans will not be introduced or reinstated including in response to future events adversely affecting the Virginia economy.

The Authority conducts quarterly analyses of the risk of losses on its multi-family mortgage loans to be included in the Authority's allowance for loan loss. For this analysis, the Authority develops a list of the multi-family developments that are identified as being at-risk of foreclosure and assigns one of four levels of risk ("high risk," "medium risk," "low risk" or "possible") to each of those at risk multi-family developments based upon a number of factors, which for most mortgage loans include its mortgage loan payment status and record, its debt service coverage from rental income, the willingness and ability of the mortgagor to fund mortgage loan payment deficiencies, its physical condition, the mortgagor's operation and management of the development, the financial status of any other multi-family developments that the principals in the mortgagor have financed with the Authority and such other factors as the Authority determines to be related to the risk of loss. For smaller mortgage loans the analysis may be limited to the loan size compared to the value of the collateral. For multi-family developments for which the Authority has reliable financial information, the Authority estimates the potential loss for each of the at-risk multi-family developments calculated as the difference between the outstanding principal balance of the mortgage loan and the value of the development financed by such mortgage loan as determined by the Authority based upon the amount of debt financing (assumed to be fully amortizing over 30 years with level payments and at the lesser of the existing interest rate on the Authority's mortgage loan or the current permanent forward multi-family interest rate then being offered by the

Authority) which could be supported at break-even by the net operating income of the multi-family development. For at risk multi-family developments for which the Authority does not have reliable financial information, the Authority estimates the potential loss by deducting the land tax assessment value from the outstanding mortgage loan. Reductions are made in the potential loss for any operating and replacement reserves held by the Authority on behalf of the multi-family development. Based on such level of risk and potential loss, the Authority includes an amount for each such at-risk multi-family development in the Authority's allowance for loan loss. Set forth below is a chart that lists, as of December 31, 2023, the number of such at-risk multi-family developments at each level of risk, the aggregate principal balance of the mortgage loans financing such developments, and the amount included in the Authority's allowance for loan loss (all in millions, rounded to the nearest million):

<u>Foreclosure Risk Level</u>	<u>Number of Developments</u>	<u>Principal Balance</u>	<u>Amount Included in the Authority's Allowance for Loan Loss</u>
High	8	\$14	\$2
Medium	5	6	1
Low	28	145	6
Possible	57	266	6
TOTAL	98	\$431	\$15

The Authority also includes in the Authority's allowance for loan loss additional amounts for all other multi-family developments based upon 0.875% of the outstanding principal balances of the mortgage loans financing such other developments and may include other additional amounts in the Authority's allowance for loan loss to cover risks on multi-family developments not otherwise covered by the above described amounts. The total of all of the foregoing amounts attributed to the multi-family program that were included in the Authority's allowance for loan loss as of December 31, 2023 is \$35 million, rounded to the nearest million. The Authority may at any time modify the above described analysis and calculations as it shall determine to reflect its risk of loan loss. See Appendix A for the Authority's total allowance for loan loss. See "Geographic Concentration in Virginia" in "Certain Programmatic Considerations" for a discussion of the risk from the concentration of multi-family mortgage loans in Virginia.

MISCELLANEOUS PROGRAMS

The Authority makes certain mortgage loans supported or financed by net assets of the Authority (see "General Fund and Other Net Assets" in "Part III – General Information About the Authority" for a description of mortgage loan programs effected with assets in the General Fund). The Authority administers the federal low-income housing tax credit program under Section 42 of the Code and the Commonwealth's Housing Opportunity Tax Credit program and federal grant or subsidy programs and assists the Commonwealth's Department of Housing and Community Development in the administration of the federal HOME loan and grant program, the federal Housing Trust Fund loan and grant program and state loan and grant programs. Mortgage loans and other assets financed or acquired by money from federal or state grant or subsidy programs are not pledged or available for the payment of any of the Authority's bonds or other obligations.

CERTAIN PROGRAMMATIC CONSIDERATIONS

Geographic Concentration in Virginia

Different geographic regions of the United States from time to time will experience weaker regional economic conditions and housing markets, and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Any concentration of the mortgage loans in a region may present risk considerations in addition to those generally present for similar securities without that concentration. If the mortgage loans are concentrated in one or more regions, a downturn in the economy in these regions of the country would more greatly affect the mortgage portfolio than if the mortgage portfolio were more diversified. In particular, all of the Authority's multi-family mortgage loans and single family mortgage loans are secured by mortgaged properties in Virginia.

Because of the geographic concentration of the mortgaged properties within Virginia, losses on the Authority's multi-family mortgage loans and single family mortgage loans may be higher than would be the case if the mortgaged properties were more geographically diversified. For example, some of the mortgaged properties may be more susceptible to certain types of special hazards (such as hurricanes, floods, fires and other natural disasters) and major civil disturbances than residential properties located in other parts of the country. In addition, the economy of Virginia may be adversely affected to a greater degree than the economies of other areas of the country by certain regional developments, such as if an extended shutdown of the federal government were to occur. If the residential real estate markets in an area of concentration experience an overall decline in property values after the dates of origination of the respective mortgage loans, then the rates of delinquencies, foreclosures and losses on the mortgage loans may increase and the increase may be substantial.

The concentration of the Authority's multi-family mortgage loans and single family mortgage loans with specific characteristics relating to the types of properties, property characteristics, and geographic location are likely to change over time. Principal payments may affect the concentration levels. Principal payments could include voluntary prepayments and

prepayments resulting from casualty or condemnation, defaults and liquidations and from repurchases of mortgage loans due to breaches of representations and warranties by the Authority's Originating Lenders.

The geographic concentration of the Authority's single family mortgage loans and multi-family mortgage loans (including the Mortgage Loans) may increase the risk to the Authority of losses on those loans which, in turn, could affect the financial performance of the Authority.

Changes in Federal or State Law and Programs

The Consumer Financial Protection Bureau (the "CFPB") has regulations regarding loan servicing standards. Such servicing regulations exempt the Authority and other state housing finance agencies from the provisions therein, except the requirement for notices of interest rate changes of adjustable rate mortgage loans, the requirements for the prompt crediting of payments by the borrower and for the prompt provision of payoff statements requested by the borrower, the restrictions on force-placed insurance purchased by lenders upon a failure to maintain the hazard insurance on the property, the procedures for resolution of errors by lenders and for responses to information requests by borrowers, and the prohibitions against foreclosure if the borrower is less than 120 days delinquent or if the borrower is performing pursuant to the terms of a loss mitigation agreement. Because of its loan underwriting and servicing practices, the Authority does not anticipate, based on current facts and circumstances, that compliance with the final CFPB regulations will have a material impact on the Authority or its current programs and operations. However, no assurance can be given that the Dodd-Frank Wall Street Reform and Consumer Protection Act and any future regulations to be promulgated thereunder or the consideration or enactment of any other such legislation or regulations will not have an adverse effect on the Authority's single family program, its financial condition, the value of, the timing or amount of payments of, or the security for the Commonwealth Mortgage Bonds or the Homeownership Mortgage Bonds or other risks to the Authority or the owners of such Bonds.

The United States Congress may pass additional consumer protection or other legislation and the Virginia General Assembly may enact consumer protection legislation relating to mortgage loan origination and servicing which, if enacted, could have an adverse effect on the Authority's single family mortgage programs, including its ability to originate new single family mortgage loans, to collect payments under single family mortgage loans and to foreclose on property securing single family mortgage loans.

Legislation or regulations may be enacted or promulgated or governmental programs may be implemented or enhanced that would facilitate the refinancing of single family mortgage loans at lower interest rates, particularly in situations in which the principal balance of the existing single family mortgage loan is greater than the market value of the residence being financed. Under two such programs, described herein, the Authority finances FHA Streamline Refinance Loans and VA Streamline Refinance Loans. Such refinancing programs and any other programs authorized by future legislation or regulation could result in substantial prepayments of mortgage loans, including the single family mortgage loans financed by the Authority. Except to the extent that such prepayments are the result of the refinancing by the Authority of its single family mortgage loans, such prepayments will have the effect of reducing the outstanding principal balance of the Authority's single family loan portfolio and thereby adversely affect the Authority's revenues. The failure to receive full payment of the principal balances on any of the Authority's mortgage loans in connection with any such refinancings (if acceptance of less than full payment is required by any such legislation, regulations or programs) would result in losses on such mortgage loans and would have an adverse impact on the Authority's revenues. No assurance can be given as to the likelihood, content or impact on the Authority of any such legislation or regulations.

A number of federal and state regulatory authorities have recently taken action against certain loan originators and servicers for alleged violations of federal and state laws. Certain of those actions prohibit those servicers from pursuing foreclosure actions. In response to alleged abusive lending and servicing practices, the federal government or the Commonwealth could enact legislation or implement regulatory requirements that impose limitations on the ability of mortgage loan servicers to take actions (such as pursuing foreclosures) that may be essential to service and preserve the value of the single family loans. Any such limitations that are applied to the Authority's single family loans could adversely affect the Authority's ability to collect amounts due on such loans and could impair the value of such loans.

Legislation or regulations, other than as described above, affecting the Authority's single family or multi-family mortgage loan programs or its bonds may be considered and enacted or issued by the federal government or the Commonwealth. No assurances can be given as to the likelihood, content or impact on the Authority of any such legislation or regulations.

Prepayments

A decline in mortgage interest rates below applicable deed of trust note rates will generally result in an increase in prepayments on mortgage loans. The level of prepayments also may be affected by other factors outside of the Authority's control, including, but not limited to, economic conditions, home prices, borrower credit circumstances, provisions regarding prepayment in the applicable deed of trust note, and defaults on mortgage loans. Such prepayments on the mortgage loans may have the effect of reducing the outstanding principal balances of the Authority's mortgage loan portfolio. No assurances can be given as to future changes in mortgage interest rates or prepayments or the financial impact of such prepayments on the Authority's revenues. See "Changes in Federal or State Law and Programs" above for a discussion of possible legislation or regulations that also may have an impact on prepayments.

PART III – GENERAL INFORMATION ABOUT THE AUTHORITY

History and Location

The Authority is a political subdivision of the Commonwealth constituting a public instrumentality. It was established in 1972 to assist in meeting the needs and achieving the objectives of the Commonwealth with respect to housing for persons and households of low and moderate income. The principal office of the Authority is located at 601 South Belvidere Street, Richmond, Virginia 23220, telephone: (804) 782-1986.

Commissioners

The Commissioners of the Authority consist of eight members appointed by the Governor, each to a four-year term, and three ex-officio members. The eight members appointed by the Governor must be confirmed by the General Assembly. If the General Assembly rejects their appointment after the beginning of their term, they are Commissioners from the beginning of their term until the General Assembly rejects their appointment. The three ex-officio members are the Treasurer of the Commonwealth, the Director of the Virginia Department of Housing and Community Development, and a representative of the Virginia Board of Housing and Community Development (“BHCD”). After the Governor appoints the Treasurer of the Commonwealth and the Director of the Virginia Department of Housing and Community Development, those appointments must be confirmed by the General Assembly, but they are Commissioners from their appointment. The representative of BHCD is selected by BHCD and remains an ex-officio board member until BHCD chooses a replacement. The Authority’s Commissioners currently are:

<u>Name</u>	<u>Position</u>	<u>Term Expires June 30</u>	<u>Occupation</u>
Thomas A. Gibson, IV	Commissioner and Chair	2024	Director of Special Projects, Community Preservation Partners, a WNC Company and President and CEO, Gibson Spyre LLC, Alexandria
Nathalia Daguana Artus	Commissioner and Vice Chair	2024	Director of Community Development, Atlantic Union Bank, Richmond
Carlos Larrazabal	Commissioner	2024	Senior Vice President, Vellum Mortgage, Fairfax
William C. Shelton	Commissioner	2025	Retired, Director, Virginia Department of Housing and Community Development, Chesterfield
Dominique Hicks-Whitaker	Commissioner	2026	Section 8 Housing Choice Voucher Representative, Henrico
Donald E. Scoggins	Commissioner	2026	Affordable Housing Consultant and Urban Planner, Woodbridge
Davon Gray	Commissioner	2027	Managing Director of Advocacy and Engagement, American Institute of Architects, Manassas
Sarah B. Stedfast	Commissioner	2027	Venture President, RW Towne Mortgage, Virginia Beach
David L. Richardson	Commissioner	ex-officio	Treasurer, Commonwealth of Virginia, Richmond
Bryan W. Horn	Commissioner	ex-officio	Director, Virginia Department of Housing and Community Development, Richmond
Abigail Johnson	Commissioner	ex-officio	Member, Virginia Board of Housing and Community Development, Williamsburg

Management Structure; Principal Staff Officers

The Chief Executive Officer is appointed by the Board of Commissioners and implements the policies of such Board and manages the operations of the Authority. Listed below are the Authority’s principal officers directly involved in the single family program and the multi-family program and their responsibilities.

Tammy Neale. Chief Executive Officer. Ms. Neale joined the Authority in 1985 and after serving the Authority in numerous positions in Homeownership she served as the Authority’s Strategic Planning Officer, Managing Director of Human Resources, Managing Director of Organizational Development & Learning, Chief of Staff, and Chief of Programs, prior to starting her current role on April 1, 2024. Ms. Neale is a graduate of the University of Richmond.

Monique S. Johnson. Chief of Programs. Ms. Johnson joined the Authority in 2021 as Managing Director of Community Outreach prior to starting her current role on April 22, 2024. Prior to joining the Authority, Ms. Johnson was the Chief Operating Officer at the Better Housing Coalition and Vice President at Virginia Community Capital. Ms. Johnson has a Bachelor of Science in Civil Engineering from the University of Virginia, a Master of Business Administration degree from the University of Richmond and a Ph.D. in Public Policy and Administration from Virginia Commonwealth University.

Fred W. Bryant. Chief Counsel. Mr. Bryant joined the Authority in 1993 as Assistant Counsel and served as Deputy Chief Counsel from July 2012 to June 2021, and has served in his current role since then. Prior to joining the Authority, Mr. Bryant was engaged in the practice of law in Richmond, Virginia. Mr. Bryant is a member of the Virginia State Bar and a graduate of Hampden-Sydney College and University of Richmond School of Law.

Janet Wiglesworth. Chief Operations Officer. Ms. Wiglesworth joined the Authority in 1998 as Director of Business Systems. Prior to joining the Authority, Ms. Wiglesworth was employed as Senior Vice President for First Chesapeake Financial Corporation. Ms. Wiglesworth is a graduate of Virginia Commonwealth University.

J. Hil Richardson, Jr. Chief Financial Officer. Mr. Richardson joined the Authority in 1994 as Finance Manager and served as the Director of Multi-family Finance from July 2013 to October 2017. Prior to joining the Authority, Mr. Richardson was employed as an Insurance Analyst with the Virginia State Corporation Commission. Mr. Richardson is a graduate of the University of Virginia and has a Master of Business Administration degree from Virginia Commonwealth University.

Program Funds

The funds for the Authority’s mortgage loan programs are derived from the proceeds of its notes and bonds, prepayments and repayments on mortgage loans, excess revenues and the Authority’s net position. Certain information on such notes and bonds is set forth in note 9 of the Authority’s audited financial statements attached hereto as Appendix A. The amount of notes and bonds which the Authority may issue or have outstanding is limited only by the provisions in the Code which restrict the amount of tax-exempt bonds which may be issued and by the provision of the Code of Virginia which limits the outstanding principal amount of Authority obligations secured by a capital reserve fund to \$1.5 billion, excluding certain refunding transactions. The Authority is currently in compliance with such limits in the Code and the Code of Virginia. The Authority pays its expenses from the income generated from its operations and has received no funds from the Commonwealth other than an initial advance, which the Authority has repaid.

Summary of Revenues, Expenses, and Net Position

The following is a summary of the Authority’s revenues, expenses and net position at year end for each of the fiscal years from 2020 through 2023 and at December 31, 2022 and 2023. With respect to December 31, 2022 and 2023, and the six month periods then ended, the summary includes normal accruals and estimates, necessary under generally accepted accounting principles for a fair presentation of the combined revenues, expenses and changes in net position of the Authority. Operations for the six month period ended December 31, 2023 are not necessarily indicative of operations for the fiscal year ending June 30, 2024. The net position of certain funds is restricted and is subject to varying valuation methodologies pursuant to contracts with bond owners. The totaling of the accounts does not indicate that the combined net position is available for the payment of principal of or interest on the Commonwealth Mortgage Bonds, Homeownership Mortgage Bonds or Rental Housing Bonds, for the payment of the Authority’s operating expenses or for any other purpose. The summary should be read in conjunction with the financial statements and notes appearing in Appendix A. The amounts in the summary for each year ended June 30 are derived from the audited financial statements for each such year.

	Year Ended June 30				Six Months Ended	
	(in millions, rounded to the nearest million)				December 31	
	2020	2021	2022	2023	2022	2023
Memorandum Only – Combined totals						
Revenues:	\$ 545	\$ 672	\$ 584	\$ 628	\$ 255	\$ 392
Expenses:	425	540	555	590	274	331
Excess of revenues over expenses.....	120	132	29	38	(19)	61
Net position at beginning of period.....	3,466	3,586	3,718	3,747	3,747	3,785
Net position at end of period	\$3,586	\$3,718	\$3,747	\$3,785	\$3,728	\$3,846

Prior and Anticipated Financings of the Authority

As of December 31, 2023 the Authority had approximately \$6,165 million, rounded to the nearest million, of notes and bonds outstanding (see Appendix A). Subsequent to such date, the Authority issued (or currently expects to issue) the following notes and bonds, if any, in addition to the Offered Bonds:

Issue	Par Amount	Issuance Date
Rental Housing Bonds, 2024 Series A-Non-AMT.....	\$177,070,000	March 7, 2024
Commonwealth Mortgage Bonds, 2024 Series A-Taxable	\$160,000,000	March 28, 2024
Rental Housing Bonds, 2024 Series B-Taxable.....	\$25,000,000	May 5, 2024
Rental Housing Bonds, 2024 Series C-Non-AMT.....	\$200,000,000*	June 18, 2024*

* Preliminary, subject to change.

The Authority has a \$150 million revolving credit agreement (the “Bank of America Agreement”) with Bank of America, N.A. (“Bank of America”) to provide a source of immediately available funds for the general corporate purposes of the Authority, including, at the option of the Authority, the payment of the purchase price of bonds which are tendered but are not remarketed. Upon submission of a completed and duly executed request for advance, the Authority may draw funds under the Bank of America Agreement up to the maximum outstanding amount of \$150 million, provided that no default by the Authority under the Bank of America Agreement shall have occurred and be continuing. Defaults include (i) failure by the Authority to pay any amounts due under the Bank of America Agreement; (ii) any representation or warranty made by the Authority in or pursuant to the Bank of America Agreement being incorrect or untrue in any material respect as of the date of the Bank of America Agreement or as of the date of any extension thereof; (iii) any default by the Authority under any mortgage, indenture, contract, agreement, undertaking or instrument evidencing debt of the Authority that is not remedied within 30 days’ notice by the Authority to Bank of America and that could reasonably be expected to have a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement; (iv) the bankruptcy of the Authority, certain acts of insolvency by the Authority, or the rendering of any final judgment against the Authority that remains unsatisfied for 60 days; (v) the assignment to the Authority of a rating by Moody’s or Standard & Poor’s below Baa or BBB, respectively, or a withdrawal by Moody’s or Standard & Poor’s of their applicable rating of the Authority; (vi) failure by the Authority to comply with certain of its covenants in the Bank of America Agreement requiring the Authority (a) not to invest its own funds in a manner which could reasonably be expected to result in a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement, (b) to submit financial records and information, including the Authority’s official statements and offering circulars, to Bank of America, (c) to provide notice to Bank of America of any default by the Authority under the Bank of America Agreement or any default or other event under any instrument evidencing the Authority’s debt that may result in the accelerating of the maturity of such debt and could have a material adverse effect on the Authority, (d) to provide notice to Bank of America of any material litigation pending or threatened against the Authority or of any initiative, referendum, or similar events reasonably expected to have any material adverse effect on the Authority, (e) to maintain adequate and proper books and records, (f) to use best efforts to maintain the Authority’s existence and the Authority’s rights and privileges material to its ability to repay obligations under the Bank of America Agreement, and (g) to comply with laws and regulations of the Commonwealth and the United States; and (vii) merger, consolidation or disposition of all or a substantial part of the Authority’s property reasonably expected to result in any material adverse effect on the Authority. In the event of any default by the Authority under the Bank of America Agreement, Bank of America may terminate such Agreement and may demand immediate payment of any and all amounts drawn and outstanding thereunder. Any such demand may adversely affect the financial condition of the Authority, including its ability to use net assets in the General Fund and other net assets to pay Bond Amounts, to the extent Assets and income therefrom are not sufficient to pay such Bond Amounts. The Bank of America Agreement will terminate on December 1, 2024, unless renewed by the Authority and Bank of America. All outstanding amounts are due and payable on the termination date. For the most recent quarter and, if available, for the most recent month, the amount outstanding under the Bank of America Agreement was as follows:

<u>Date</u>	<u>Amount Outstanding</u>
December 31, 2023	\$10,000,000
March 31, 2024	\$0

The Authority from time to time issues notes to the Federal Home Loan Bank of Atlanta (the “FHLB”) under an Advances, Specific Collateral Pledge and Security Agreement for Nonmember Mortgagees dated September 27, 1995 (the “FHLB Agreement”). The proceeds of the notes issued to the FHLB or other qualifying assets are deposited with the FHLB and serve as collateral for the notes. Any such other collateral is periodically marked to market, and the Authority may be required to post additional collateral if the market value falls below thresholds specified in the FHLB Agreement. Each note may be redeemed at par at any time. The Authority has issued, and may from time to time hereafter issue, notes to the FHLB and utilize the proceeds thereof for any valid corporate purpose. For the most recent quarter and, if available, for the most recent month, the outstanding principal balance of such notes was as follows:

<u>Date</u>	<u>Outstanding Principal Balance</u>
December 31, 2023	\$400,000,000
March 31, 2024	\$400,000,000

Events of default under the FHLB Agreement include (i) any failure to pay when due the amounts owed under the notes or to perform any other obligation of the Authority under the FHLB Agreement; (ii) any failure to maintain adequate qualifying collateral free of encumbrances; (iii) bankruptcy and certain other acts of insolvency by the Authority; and (iv) any material adverse change in the Authority’s financial condition. In the event of any default by the Authority under the FHLB Agreement, the FHLB may demand immediate payment of any and all amounts outstanding under the notes and may take possession of and sell the collateral. If the collateral shall be insufficient to repay all amounts due under the FHLB Agreement, any such demand may adversely affect the financial condition of the Authority, including its ability to use net assets in the General Fund and other net assets to pay Bond Amounts, to the extent that Assets and income therefrom are not sufficient to pay such Bond Amounts.

Investments

Moneys in the General Fund may be invested by the Authority in (i) any obligations or securities set forth in Section 2.2-4519 of the Code of Virginia, 1950, as amended, (ii) any investments and deposits authorized by Sections 2.2-4500 through 2.2-4518 of the Code of Virginia 1950, as amended, permitting the investment of the funds of the Commonwealth and its political subdivisions, such as the Authority, in certain other types of investments, and (iii) any other investments permitted under any bond resolution or trust indenture of the Authority which, when acquired, have, or are general obligations of issuers who have, long-term ratings of at least AA or Aa or the highest short-term ratings, as applicable, by two rating agencies, one of which shall be Moody's or Standard & Poor's or any successor thereto. Moneys pledged pursuant to a bond resolution or trust indenture of the Authority may be invested in any manner permitted by such bond resolution or trust indenture. Investment decisions are made by the Authority's staff. It is the Authority's current investment policy not to invest long-term those moneys expected to be utilized in the short-term and not to effect leverage transactions (e.g. reverse repurchase agreements or other borrowings) for the principal purpose of profiting from changes in interest rates. The Authority reserves the right to modify its investment policy from time to time.

The Authority's investment portfolio consists principally of direct or indirect obligations of the United States of America or of its agencies and instrumentalities, including but not limited to organizations such as Fannie Mae and Ginnie Mae (collectively, "Federal Obligations"), corporate notes, discount notes, bonds (including municipal bonds) and debentures, asset backed securities, certificates of deposit, repurchase agreements and commercial paper, all of which satisfy the requirements in the above referenced Sections of the Code of Virginia (see note 5 to the Authority's audited financial statements attached hereto as Appendix A, as of June 30, 2023). The secondary market for investments which are not Federal Obligations has been in the past and may be in the future very illiquid. No assurances can be given that such investments can be sold prior to maturity or, if sold, can be sold at a price which is not materially less than the Authority's capital investment in such investment.

Note 5(b) of the Authority's audited financial statements attached hereto as Exhibit A sets forth a combined statement of the credit risk of the Authority's investments in the General Fund and under its bond resolutions, as of June 30, 2023. As such Note 5(b) shows, the Authority's investments that are not Federal Obligations are primarily reverse repurchase agreements and money market securities. As of December 31, 2023, the Authority's counterparty in the Reverse Repurchase Agreements category was as follows:

<u>Counterparty</u>	<u>Principal Amount</u>
Cantor Fitzgerald	\$400,000,000

Such Reverse Repurchase Agreements are collateralized on a daily basis, generally with U.S. Treasury and agency securities, at a level equal to 102% of the market value thereof.

As of December 31, 2023, the Authority's counterparties in the Money Market Securities category were as follows:

<u>Counterparties</u>	<u>Principal Amount</u>
US Bank Commercial Paper	\$207,942,912
Virginia Community Capital Bank	4,000,000
Goldman Sachs	<u>366,286</u>
	\$212,309,198

The Common Fund

The Authority operates a non-regulated, internal only, pooled investment fund (the "Common Fund") consisting at present of various investments with maturity dates not later than 366 days from the date any such investment is allocated to the Common Fund. At present, all of such investments are investments permitted by the Commonwealth Mortgage Bonds Resolution, the Rental Housing Bonds Resolution, and the Homeownership Mortgage Bonds Resolution.

The shares of the Common Fund represent an undivided interest in the investments comprising the Common Fund. The Authority's investment accounting system allocates shares of the Common Fund to various funds of the Authority, including certain funds managed or held by the Authority which belong to other entities, and including Investment Obligations of the Offered Bonds and the Currently Outstanding Bonds, pro rata based upon the amounts invested in the Common Fund. It is expected that a substantial portion of the Investment Obligations of the Commonwealth Mortgage Bonds, Homeownership Mortgage Bonds and Rental Housing Bonds will be comprised of Common Fund shares.

General Fund and Other Net Assets

The General Fund contains the net assets of the Authority not pledged as security under the Commonwealth Mortgage Bonds Resolution, Rental Housing Bonds Resolution or Homeownership Mortgage Bonds Resolution. Net assets of the General Fund are used to pay the operating expenses of the Authority and are a source of payment for all general obligations of the Authority, including the Offered Bonds, although no assets of the General Fund are specifically pledged to secure the Offered Bonds. Moneys comprising the General Fund's net assets may be used for any lawful purpose of the Authority. The Authority

expects to continue to pay its general operating expenses from the General Fund and to maintain the General Fund's net position at a level determined to be appropriate by the Authority. No assurance can be given that moneys will be available in the General Fund for payment of debt service on the Offered Bonds at any particular time.

The Authority uses a portion of its net assets to provide additional, targeted, support for low and moderate income Virginians, and it calls those efforts, and the funding committed to those efforts, REACH Virginia. REACH Virginia primarily takes the following forms: very low interest rates for qualifying multi-family borrowers who have made legally binding promises which benefit low and moderate income Virginians, grants, of appropriate sizes, to qualifying housing organizations who are advancing the interests of low and moderate income Virginians in a variety of ways, grants to qualifying first time homebuyers, and interest rate buydowns through the Authority's SPARC program for special housing needs. Each year, the Authority determines how much of its net assets it will commit to REACH Virginia, and what goes unused in any fiscal year is carried forward for use in subsequent fiscal years. The amount of net assets the Authority commits to REACH Virginia each year is a percentage (the "REACH Percentage"), which is set by the Authority's Board of Commissioners, of the average of the Authority's modified change in net position for the preceding three fiscal years. The modified change in net position for each of those three preceding fiscal years is determined by taking the actual change in net position for the year, adding back the amount disbursed as grants, and then removing any adjustment related to the effects of Governmental Accounting Standards Board (GASB) No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools. The REACH Percentage is 60% through fiscal year 2024 and rises to 75% beginning with fiscal year 2025. From time to time, the Authority may raise or lower the REACH Percentage, or change the methodology for determining the Authority's annual commitment to REACH Virginia. In addition to the methodology described above, the Authority allocated an additional \$15 million to REACH Virginia each year for fiscal years 2020 through 2024. When used for very low interest rates, and similar housing subsidies, the amount considered charged against REACH Virginia represents the present value of the costs to the Authority to finance loans at interest rates below the Authority's costs, or to provide other housing subsidies. When used for grants, the amount charged against REACH Virginia is the amount disbursed. Either way, REACH Virginia is expected to reduce the Authority's net position below what it would have been without REACH Virginia, which reduces the amount of net position available to the Authority for payment of its obligations (including Bond Amounts) or for other purposes permitted by the Act. For fiscal years 2006 to 2024, the Authority has committed a total of \$916 million to REACH Virginia.

As of December 31, 2023, \$82 million aggregate principal balance, rounded to the nearest million, of multi-family mortgage loans financed by General Fund net assets was outstanding. As of December 31, 2023, all multi-family mortgage loans were current in their payments. As of December 31, 2023, the Authority did not own any multi-family developments as a result of foreclosure which had been financed, in whole or in part, with General Fund net assets. As of December 31, 2023, \$873 million aggregate principal balance, rounded to the nearest million, of single family mortgage loans financed by General Fund net assets (including \$555 million, rounded to the nearest million, of such loans securitized through the issuance of Ginnie Mae securities and Fannie Mae securities held in the General Fund) was outstanding; 14.39% of such single family mortgage loans having an aggregate principal balance of \$126 million, rounded to the nearest million, were two or more months delinquent in monthly payments; 0.82% of such single family mortgage loans having an aggregate principal balance of \$7 million, rounded to the nearest million, were in foreclosure; and 1% of such single family mortgage loans having an aggregate principal balance of \$8 million, rounded to the nearest million, were in forbearance.

Information Security

The Authority has implemented an information security program to protect the Authority's data. However, as a lender, loan servicer, employer and administrator of certain government programs, the Authority possesses sensitive personal information about a large number of individuals and disburses money in a large number of transactions. The Authority's computer systems are connected to the internet and it is possible that a hostile or criminal party could gain unauthorized access to such systems and steal or otherwise improperly use such information. On occasion, the Authority has detected and taken action in response to such unauthorized access. In addition, Authority staff could be duped into authorizing transfers of money to criminals impersonating business partners. The Authority also possesses personal information in the form of physical documents which could possibly be mishandled by Authority staff or stolen by unauthorized intruders on Authority property. Should such breaches occur, the Authority could incur the cost of paying its liability to affected individuals, the cost of any resulting adverse regulatory action, the cost of having money stolen, and the cost of damage to its reputation. Such damage to the Authority's reputation could adversely affect the Authority's ability to make loans and issue bonds in the future. In addition, the Authority could suffer losses should its computer systems suffer attacks that either disable them or lock up their data, including attacks followed by a ransom demand. Such attacks could prevent the Authority from conducting its ordinary course of business for an unknown period of time.

Climate Change

Scientists and research institutions around the world have concluded average temperatures will rise over the coming decades on into the next century. Even without knowing precisely how high it will go or how fast it will rise, the consensus amongst these researchers is this rise in average temperatures will significantly impact the world's environment. A number of the possible consequences of the rise in average temperatures could adversely impact the Authority's income because they could result in lower incomes and higher expenses for the Authority's borrowers. The following examples are just a few possible consequences of the predicted rise in average temperatures: A rise in seawater temperatures could damage Virginia's seafood industry by dramatically changing the habitat and health of its seafood; Virginia's agriculture industry could be damaged by a rise in sea levels increasing the salinity of ground water and eroding soil, and by droughts or other extreme

weather directly damaging crops, livestock, buildings and transportation systems; Storms, storm surges, and floods could damage Virginia's ports and transportation systems; A continued increase in the number and intensity of hurricanes, tornados and other severe weather could increase insurance rates and taxes as the costs of responding to, and rebuilding after, serious storms continue to rise; More days with extreme heat could increase energy costs and directly damage personal property in Virginia. In addition, it is possible Virginia's economy could suffer if the rise in average temperatures causes enough types of damage in a short amount of time, or if laws intended to slow the rise in average temperatures cause significant disruptions to the normal course of business.

Business Disruption Risk

Certain adverse external events, such as natural disasters, severe weather, pandemics, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct business. A prolonged disruption in the Authority's business operations could have an adverse effect on the Authority's financial condition and results of operations. To plan for and mitigate the impact such an event may have on its operations, the Authority has developed a business continuity plan (the "Plan"). The Plan is designed to (i) provide for the continued execution of the mission-essential functions of the Authority with minimal or no disruption in the event that an emergency threatens, interrupts or incapacitates the Authority's operations, (ii) provide Authority leadership with timely direction, control and coordination before, during and after an emergency, and (iii) facilitate the return to normal operating conditions as soon as practical based on the circumstances surrounding any given emergency. The Plan is reviewed regularly and when necessary. No assurances can be given that the Authority's efforts to mitigate the effects of an emergency will be successful in preventing any and all disruptions to its operations in the event of an emergency.

COVID-19, which negatively impacted the Virginia housing market and the overall Virginia economy, is an example of an adverse external event that had an adverse impact on the Authority, its programs and its operations, including its ability to originate Mortgage Loans and collect payments on its Mortgage Loans. COVID-19 also demonstrated the fact that the efforts of individuals, enterprises and governments to contain and mitigate such an adverse external event can cause additional, often unpredictable, consequences affecting the Authority's operations.

From time to time, there may be legislative proposals in the Congress and in the states that, if enacted, could alter or amend the matters referred to under this section. In addition, regulatory actions may be from time to time announced or proposed and litigation may be threatened or commenced which, if implemented or concluded in a particular manner, could alter or amend the matters referred to under this section. It cannot be predicted whether any such legislative proposals will be enacted, whether any such regulatory actions will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.

[THIS PAGE INTENTIONALLY LEFT BLANK]



VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis,
Basic Financial Statements, and Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Reports Thereon)

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Table of Contents

	Page
Management’s Discussion and Analysis (unaudited)	2
Independent Auditors’ Report	11
Basic Financial Statements:	
Statements of Net Position – June 30, 2023 and 2022	15
Statements of Revenues, Expenses, and Changes in Net Position – Years Ended June 30, 2023 and 2022	17
Statements of Cash Flows – Years Ended June 30, 2023 and 2022	18
Statements of Fiduciary Net Position – June 30, 2023 and 2022	20
Statements of Changes in Fiduciary Net Position – Years Ended June 30, 2023 and 2022	21
Notes to Basic Financial Statements	22
Required Supplementary Information (unaudited)	
1 Retiree Healthcare Plan – Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios	68
2 Retiree Healthcare Plan – Schedule of Contributions	69
Other Supplementary Information	
3 Combining Schedule of Net Position – June 30, 2023	70
4 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2023	72
5 Combining Schedule of Fiduciary Net Position – Fiduciary Funds – Custodial Funds – June 30, 2023	73
6 Combining Schedule of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds – Year Ended June 30, 2023	74
7 Combining Schedule of Net Position (as restated) – June 30, 2022	75
8 Combining Schedule of Revenues, Expenses, and Changes in Net Position (as restated) – Year Ended June 30, 2022	77
9 Combining Schedule of Fiduciary Net Position – Fiduciary Funds – Custodial Funds – June 30, 2022	78
10 Combining Schedule of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds – Year Ended June 30, 2022	79
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	80

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis
(unaudited)
June 30, 2023 and 2022

Management of the Virginia Housing Development Authority (Authority) offers readers of its financial report this overview and analysis of the Authority's financial performance for the years ended June 30, 2023 and 2022. Readers are encouraged to consider this information in conjunction with the Authority's basic financial statements, accompanying notes, and supplementary information, which follow this section.

Organization Overview

The Authority is a political subdivision of the Commonwealth of Virginia (Commonwealth), created under the Virginia Housing Development Authority Act (Act) enacted by the General Assembly in 1972, as amended. The Act empowers the Authority to finance the acquisition, construction, rehabilitation, and ownership of affordable housing for home ownership or occupancy by low-or moderate-income Virginians. To raise funds for its mortgage loan operations, the Authority sells tax-exempt and taxable notes and bonds and mortgage-backed securities to investors. The notes, bonds, and other indebtedness of the Authority are not obligations of the Commonwealth and the Commonwealth is not liable for repayments of such obligations. Furthermore, as a self-sustaining organization, the Authority does not receive operational funding from the Commonwealth. Authority revenues are generated primarily from interest on mortgage loans, mortgage servicing fees, gains from the sale of mortgage-backed securities, program administration fees, and investment income.

The Authority participates in the Government National Mortgage Association (GNMA) Mortgage-backed Securities (MBS) program. Through this MBS program, the Authority issues GNMA securities which may be held by the Authority or sold to third parties and that are backed by pools of mortgage loans. Once securitized, the mortgage loans are no longer assets of the Authority nor pledged to any bond resolution. Each GNMA security represents an undivided ownership interest in a pool of homeownership mortgage loans and carries the full faith and guaranty of the United States (U.S.) government. The GNMA guaranty ensures the owner of the security issued by the Authority receives timely payment of scheduled monthly principal and interest payments at the rate provided by the securities. All mortgage loans under the GNMA MBS program are insured or guaranteed by the Federal Housing Administration (FHA), the U.S. Department of Agriculture's Rural Development agency, or the Veterans Administration.

The Authority also participates in both the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) Mortgage-backed Securities (MBS) programs. The Authority added FHLMC in fiscal year 2021 and may sell homeownership mortgage loans to either FNMA or FHLMC under their whole loan programs or it may issue FNMA or FHLMC securities backed by homeownership mortgage loans. Such securities may be held by the Authority or sold to third parties. Once securitized, the mortgage loans are no longer assets of the Authority nor pledged to any bond resolution. The guaranty of FNMA and FHLMC ensures the owner of the securities issued by the Authority receives timely payment of scheduled monthly principal and interest payments at the rate provided by the securities.

In addition to its major mortgage loan programs, the Authority also administers, on a fee basis, various other programs related to its lending activities. Such programs include the Housing Choice Voucher (HCV) program, which provides rental subsidies from federal funds, and the federal Low Income Housing Tax Credit (LIHTC) program, which awards income tax credits for the purpose of constructing or acquiring and rehabilitating rental housing projects. The Authority is also the administrator of the Commonwealth's Virginia Housing Opportunity Tax Credit (HOTC) program which awards state income tax credits to further support of low-income housing developments that have received Federal Low Income Housing Tax Credits.

With internally generated funds, the Authority also provided funding for its Resources Enabling Affordable Community Housing (REACH) *Virginia* initiatives, in which grants are made or the interest rates on homeownership or rental housing mortgage loans are subsidized by the Authority, to provide assistance to the elderly, disabled, homeless, and other low to moderate income persons and increase affordable housing opportunities in the Commonwealth. The amount of change in net position each fiscal year used to provide such grants or reduced interest rates on mortgage loans or otherwise subsidize its programs is determined by the Authority's Board of

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis
(unaudited)
June 30, 2023 and 2022

Commissioners. In fiscal year 2020, to address the growing demand for REACH, the Board of Commissioners approved an increase to REACH for fiscal year 2020 and beyond from 50% to 60%. The amount of REACH the Authority commits is based on the average of the Authority's change in net position, as unadjusted for the effect of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, for the preceding three fiscal years' then adding back the amount disbursed in REACH grants from the prior fiscal year, the result of which is then multiplied by the Board approved percentage. The amounts made available to the REACH initiative are subject to periodic review by the Authority of the impact on its financial position. The Authority finances some, but not all, of such subsidized mortgage loans, in whole or in part, with funds under its various bond resolutions or mortgage loan securitization programs.

Financial Statements

The Authority adopted GASB statement No. 96 effective July 1, 2022, which changed the accounting for certain subscription-based information technology arrangements (SBITAs). As a consequence, the financial activity for the year ended June 30, 2022, has been modified to reflect the changes in accounting to allow comparability.

The basic financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, the Statements of Cash Flows, the Statements of Fiduciary Net Position, the Statements of Changes in Fiduciary Net Position, and the accompanying notes to the basic financial statements.

The *Statement of Net Position* reports all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, presented in order of liquidity and using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is presented as net position and is displayed in three components: net investment in capital assets; restricted portion of net position; and unrestricted portion of net position. Net position is restricted when external constraints are placed upon their use, such as bond indentures, legal agreements or statutes. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all the Authority's revenues and expenses for the reporting period, distinguishing between operating and non-operating activities. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all of its costs through mortgage loan income, investment income, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities. This statement provides information regarding the sources and uses of cash and the change in cash during the reporting period.

The *Statement of Fiduciary Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position of pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial position of activities the Authority has stewardship of that are not assets or liabilities of the Authority.

The *Statement of Changes in Fiduciary Net Position* reports the additions and deductions from pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial activities which includes the receipts and disbursements of funds the Authority has stewardship of but are not included in the Authority's financial activities.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis

(unaudited)

June 30, 2023 and 2022

The *Notes to Basic Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the financial statements and as such, are an integral part of the Authority's financial statements.

Financial Highlights

Overview

During fiscal year 2023, the Authority returned to normal operations post COVID-19 with its associates returning to work, however the Authority did update its remote work policies which allows some associates to work remotely up to two days a week. As the Commonwealth came out of the pandemic, the Authority supported its mortgagors by leveraging the Federal Coronavirus State and Local Fiscal Recovery Funds (SLFRF) awarded from the U.S. Department of the Treasury to help return homeowners to affordable mortgage payments. At its peak, the Authority had nearly four thousand homeownership borrower forbearances on their loans by either participating in programs mandated by the Federal Government or programs the Authority offered that were similar to such Federal programs. As of end of fiscal year 2023, the number of homeownership borrowers with forbearances has fallen to less than nine hundred. Additionally, the Authority continued to operate effectively and maintain its strong financial position that still grew at a rate of 1.0% over the fiscal year to a total net position of over \$3.7 billion. Both Standard & Poor's Ratings Services (Standard & Poor's) and Moody's Investors Services (Moody's) rating agencies continue to rate the Authority with an AA+ issuer credit rating and Aa1 general obligation credit rating, respectively.

In fiscal year 2022, the Authority became the recipient of \$258.4 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the U.S. Department of the Treasury. With the SLFRF funds, the Authority launched the Virginia Mortgage Relief Program in February of 2022 to assist homeowners experiencing financial hardship due to COVID-19, to help prevent and/or ease mortgage delinquencies, defaults, foreclosures and displacements. However, the Authority's participation with the Commonwealth's Department of Housing and Community Development (DHCD) Virginia Rent Relief Program (VRRP) discontinued as the program funding sources drew to an end. The Authority was able to disburse another \$146 million in rental payments to landlords as part of the VRRP program in fiscal year 2022.

In its homeownership loan program, the Authority has continued to offer mortgage loans at affordable interest rates, financed mostly through the issuance of MBS guaranteed by GNMA, FNMA and FHLMC. In addition, since its inception in the spring of 2015, the Authority has issued more than 24,000 down-payment assistance (DPA) grants valued at over \$126 million to assist qualified first-time homebuyers and has issued nearly 41,000 Mortgage Credit Certificates (MCC) valued at over \$1.3 billion to provide even more tax advantages to low- or moderate-income borrowers getting homeownership mortgage loans.

In its rental housing program, the Authority has continued to fund developments through the issuance of tax-exempt and taxable bonds along with the increased use of REACH funds to make developments financially feasible. The Authority also offers lending programs that utilize federal Low-Income Housing Tax Credits and Commonwealth Housing Opportunity Tax Credits to provide construction financing in conjunction with permanent mortgage loans, which allow the Authority to provide affordable rental housing within a broader range of income limits that include workforce housing.

The Authority's servicing efforts for its homeownership loan portfolio have been focused on working with homeownership mortgagors experiencing financial difficulties particularly during this COVID crisis by allowing forbearance and suspending foreclosures. The Authority will continue to offer various options, including loan modifications, to prevent future foreclosure for otherwise responsible homeownership mortgagors encountering financial hardship caused by the crisis. While home values have remained strong during the fiscal year 2023, it has started to effect affordability. Additionally, the Authority continued to provide substantial support to the Commonwealth's housing policy priorities to increase homeownership opportunities in underserved markets, and to foster successful homeownership by providing homeownership education.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis

(unaudited)

June 30, 2023 and 2022

While the Authority continues to face challenges from uncertainty in the financial markets, the Authority's capital acquisition initiatives and loss mitigation practices have allowed the Authority to respond with new lending program opportunities and maintain a strong financial position.

Year Ended June 30, 2023

Homeownership mortgage loan originations totaled 3,809 loans for over \$900 million in fiscal year 2023 compared to 7,695 loans for \$1.8 billion for fiscal year 2022, a decrease of 50.5% in units and 50.68% in dollars of mortgage loans over the prior year's production levels. The decrease in year over year production was attributed to increasing interest rates, increase in home prices and a reduction in the inventory of affordable homes.

As of June 30, 2023, the Authority serviced for itself and for third parties a total of 81,032 first and second homeownership mortgage loans with outstanding balances totaling over \$9.0 billion. For approximately 37,400 of the mortgage loans serviced for GNMA, FNMA and FHLMC, the Authority receives an on-going fee. The outstanding balances of loans serviced, increased by \$222.3 million or 2.5% and the number of loans serviced increased by 783 loans or 1.0%, since June 30, 2022, primarily due to rising interest rates reducing the number of borrowers refinancing and paying off.

In fiscal year 2023, there were 204 homeownership mortgage foreclosures valued at \$27.4 million or 1.24% of the Authority serviced homeownership mortgage loan portfolio, compared to a year ago with 56 foreclosures valued at \$7.0 million or 0.3% of loan amounts. Recovery rates averaging 87.6%, represent an increase of 24.8% over the prior year, caused by strong home values. Total delinquency rates on the servicing portfolio based on loan count averaged 10.2% for the fiscal year, compared to 11.6% a year ago. Total delinquency rates on the servicing portfolio based on outstanding mortgage loan balances averaged 9.7% and 11.1% as of June 30, 2023, and 2022, respectively. Delinquencies consist of first mortgage loans over 30 days past due and foreclosures and bankruptcies.

Financing commitments for 2,848 rental housing units were made during fiscal year 2023, totaling \$483.2 million, compared to 5,707 rental housing units totaling \$829.9 million for fiscal year 2022. The year over year decrease in dollars was primarily the result of increasing interest rates and construction costs during the fiscal year; however, the Authority's loan application pipeline still shows a strong demand for rental housing.

As of June 30, 2023, the Authority serviced 1,158 rental housing mortgage loans with outstanding balances totaling \$5.0 billion. Compared to June 30, 2022, the number of loans in the portfolio increased by 27 while loan balances increased \$423.1 million or 9.3%. Delinquency rates based on rental housing portfolio loan count averaged 0.00% and 0.01% for the years ended June 30, 2023 and 2022, respectively. The average delinquency rates based on outstanding mortgage loan balances were 0.00% on for fiscal year 2023 compared to 0.01% or \$0.1 million for fiscal year 2022.

Year Ended June 30, 2022

Homeownership mortgage loan originations totaled 7,695 loans for \$1.8 billion in fiscal year 2022 compared to 8,981 loans for \$2.0 billion for fiscal year 2021, a decrease of 14.3% in units and 9.8% in dollars of mortgage loans over the prior year's production levels. The decrease in year over year production was attributed to increasing home costs for first-time homebuyers and a reduction in the inventory of affordable homes.

As of June 30, 2022, the Authority serviced for itself and for third parties a total of 80,249 first and second homeownership mortgage loans with outstanding balances totaling over \$8.8 billion. Approximately 35,900 of the mortgage loans serviced for GNMA, FNMA and FHLMC, the Authority receives an on-going fee. The outstanding balances of loans serviced, increased by \$326.6 million or 3.8% and the number of loans serviced increased by 810 loans or 1.0%, since June 30, 2021, primarily due to rising interest rates reducing the number of borrowers refinancing and paying off.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis

(unaudited)

June 30, 2023 and 2022

In fiscal year 2022, there were 56 homeownership mortgage foreclosures valued at \$7.0 million or 0.3% of the Authority serviced homeownership mortgage loan portfolio, compared to a year ago with 71 foreclosures valued at \$8.7 million or 0.4% of loan amounts. Recovery rates averaging 62.8%, representing a reduction of 15.0% over the prior year, somewhat caused by the reduction in foreclosures cause by the pandemic. Total delinquency rates on the servicing portfolio based on loan count averaged 11.6% for the fiscal year, compared to 13.0% a year ago. Total delinquency rates on the servicing portfolio based on outstanding mortgage loan balances averaged 11.1% and 12.9% as of June 30, 2022 and 2021, respectively. Delinquencies consist of first mortgage loans over 30 days past due and foreclosures and bankruptcies. The Authority was limited by Federal Government directives regarding the servicing of its homeownership mortgage loans which included a prohibition of foreclosures.

Financing commitments for 5,707 rental housing units were made during fiscal year 2022, totaling \$829.9 million, compared to 7,170 rental housing units totaling \$974.5 million for fiscal year 2021. The year over year decrease in dollars was primarily the result of increasing interest rates during the later months of the fiscal year; however, the Authority's loan application pipeline still shows a strong demand for rental housing.

As of June 30, 2022, the Authority serviced 1,131 rental housing mortgage loans with outstanding balances totaling \$4.6 billion. Compared to June 30, 2021, the number of loans in the portfolio decreased by 11 while loan balances increased \$403.9 million or 9.7%. Delinquency rates based on rental housing portfolio loan count averaged 0.01% and 0.13% for the years ended June 30, 2022 and 2021, respectively. The average delinquency rates based on outstanding mortgage loan balances were 0.01% or \$0.1 million on for fiscal year 2022 compared to 0.03% or \$1.0 million for fiscal year 2021.

Financial Analysis of the Authority

Cash is held by the trustees and banks in depository accounts and investments for a variety of purposes, including purchase of homeownership loans for MBS securitization and bond financing, disbursement into rental housing construction and permanent loans, payment of scheduled debt service, early redemption of bonds, advances required as a servicer GNMA, FNMA and FLHMC securities for forbearance and delinquencies, REACH grant disbursements and general operating expenses. Monies on deposit in banks located in Virginia are collateralized pursuant to the Virginia Security for Public Deposits Act of the Code of Virginia.

The Authority's Investment Policy emphasizes liquidity and preservation of capital. Precautions are taken to minimize the risk associated with investments, including monitoring creditworthiness of the investment, as determined by ratings provided by Standard & Poor's and Moody's, concentration risk, and maturity risk.

The Authority enters into forward sales transactions to hedge interest rate risk related to certain commitments to originate homeownership mortgage loans, particularly when such mortgage loans are expected to be pooled into securities guaranteed by GNMA, FNMA and FHLMC. The Authority does not enter into short sales, forward sales or futures transactions for which a bona fide hedging purpose has not been established.

Mortgage and other loan receivables represent the Authority's principal assets. Mortgage loans are financed through a combination of proceeds of notes and bonds, GNMA, FNMA and FHLMC guaranteed mortgage loan securitizations, HUD Risk-Share and Federal Financing Bank (FFB) financing programs, and net position accumulated since inception. Mortgage loan payments received from mortgagors are used to pay debt service due on outstanding bonds and MBS.

The largest component of the Authority's liabilities is outstanding bonds payable, the majority of which is fixed rate to maturity dates that may extend into the future as much as forty-three years. The Authority continues to maintain strong long-term ratings of Aa1 from Moody's and AA+ from Standard & Poor's for its general credit rating as well as all bond resolutions other than the Commonwealth Mortgage Bonds resolution, which is rated Aaa and AAA, by Moody's and Standard & Poor's, respectively.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis

(unaudited)

June 30, 2023 and 2022

Net position is comprised of net investment in capital assets, restricted and unrestricted portions of net position. *Net investment in capital assets* represents office buildings, land, furniture and equipment, and vehicles, less the outstanding applicable debt. *Restricted portion of net position* represents the portion of net position held in trust accounts for the benefit of the respective bond owners, subject to the requirements of the various bond resolutions. *Unrestricted portion of net position* represents a portion of net position that has been designated for a broad range of initiatives, such as administration of the HCV program, support for REACH initiatives, contributions to bond issues, working capital, future operating and capital expenditures, and general financial support to the Authority's loan programs.

Condensed Statements of Net Position

(In millions)

	June 30		
	2023	2022 (as restated)	2021 (as restated)
Cash and cash equivalents	\$ 1,423.0	1,826.1	1,769.5
Investments	819.3	1,055.0	1,087.0
Mortgage loans held for sale	178.4	316.1	162.2
Mortgage and other loans receivable, net	6,789.7	6,317.7	6,001.1
Other assets	144.2	169.8	156.3
Total assets	9,354.6	9,684.7	9,176.1
Deferred outflows of resources	11.3	8.8	8.7
Notes and bonds payable, net	5,163.7	5,390.1	5,068.9
Other liabilities	350.7	485.4	344.2
Total liabilities	5,514.4	5,875.5	5,413.1
Deferred inflows of resources	66.4	70.5	53.3
Invested in capital assets, net of related debt	8.8	12.5	12.5
Restricted by bond indentures	3,326.9	3,317.3	3,341.5
Unrestricted	449.4	417.7	364.4
Net position	\$ 3,785.1	3,747.5	3,718.4

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis

(unaudited)

June 30, 2023 and 2022

June 30, 2023 Compared to June 30, 2022

Total assets decreased \$330.1 million, or 3.4% from the prior year. Cash and cash equivalents and investments decreased \$638.8 million, or 22.2% from the prior year, to reduce the short-term debt outstanding. Mortgage and other loans receivables, net, and mortgage loans held for sale increased by \$334.3 million, or 5.0%, primarily as a result of strong mortgage lending and growth in rental housing portfolio.

Total liabilities decreased \$361.1 million, or 6.1% from the prior year. Notes and bonds payable decreased \$226.4 million or 4.2%, due primarily to paydown of some short-term debt and the reduction of some excess liquidity retained during the COVID pandemic. For the year ended June 30, 2023, the Authority issued a total of \$262.4 million of Rental Housing bonds. Bond principal repayments and redemptions during the year totaled \$93.7 million of the Commonwealth Mortgage Bond Group, \$5.1 million of the Homeownership Mortgage Bond Group and \$79.6 million of the Rental Housing Bond Group. Proceeds from bond issuance and from GNMA, FNMA and FHLMC mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Total assets exceeded total liabilities by \$3,785.1 million, representing an increase in net position of \$37.6 million, and a 1.0% return over the preceding fiscal year. As of June 30, 2023, net position invested in capital assets, net of related debt, was \$8.8 million. Net position restricted by bond resolutions totaled \$3,326.9 million, an increase of \$9.6 million, or 0.3% from the prior year. Unrestricted net position totaled \$449.4 million, an increase of \$31.7 million, or 7.6%.

June 30, 2022 Compared to June 30, 2021

Total assets increased \$508.6 million, or 5.5% from the prior year. Cash and cash equivalents and investments increased \$24.6 million, or 0.9% from the prior year. Mortgage and other loans receivables, net, and mortgage loans held for sale increased by \$470.5 million, or 7.6%, primarily as a result of strong mortgage lending and growth in rental housing portfolio.

Total liabilities increased \$462.4 million, or 8.5% from the prior year. Notes and bonds payable increased \$321.2 million or 6.3%, due primarily to increased bond issuance volume to fund a growing rental housing portfolio and maintain high liquidity during the COVID pandemic. For the year ended June 30, 2022, the Authority issued a total of \$704.6 million of Rental Housing bonds and \$192.8 million Commonwealth Pass-through bonds. Bond principal repayments and redemptions during the year totaled \$238.6 million of the Commonwealth Mortgage Bond Group, \$11.6 million of the Homeownership Mortgage Bond Group and \$326.1 million of the Rental Housing Bond Group. Proceeds from bond issuance and from GNMA, FNMA and FHLMC mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Total assets exceeded total liabilities by \$3,747.5 million, representing an increase in net position of \$29.1 million, and a 0.8% return over the preceding fiscal year. As of June 30, 2022, net position invested in capital assets, net of related debt, was \$12.5 million. Net position restricted by bond resolutions totaled \$3,317.3 million, a decrease of \$24.2 million, or 0.7% from the prior year. Unrestricted net position totaled \$417.7 million, an increase of \$53.3 million, or 14.6%.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis
(unaudited)
June 30, 2023 and 2022

Condensed Statements of Revenues, Expenses and Changes in Net Position

(In millions)

	Year ended June 30		
	2023	2022 (as restated)	2021
Operating revenues:			
Interest on mortgage and other loans	\$ 305.1	292.8	295.2
Housing Choice Voucher program income	9.3	8.4	7.1
Other operating revenues	65.5	109.2	109.1
Total operating revenues	<u>379.9</u>	<u>410.4</u>	<u>411.4</u>
Operating expenses:			
Interest on notes and bonds payable	166.0	144.1	144.7
Housing Choice Voucher program expense	10.7	8.4	7.4
Other operating expenses	148.9	156.0	135.4
Grant expenses	63.7	34.0	40.6
Provision for loan losses	(28.8)	(25.5)	(4.1)
Total operating expenses	<u>360.5</u>	<u>317.0</u>	<u>324.0</u>
Net operating income	<u>19.4</u>	<u>93.4</u>	<u>87.4</u>
Non-operating revenues (expenses):			
Investment income	84.5	37.8	28.9
Gain/(loss) on investments	(66.3)	(102.1)	16.0
Pass-through grants received	230.0	238.1	216.4
Pass-through grants disbursed	(230.0)	(238.1)	(216.4)
Total non-operating revenues (expenses)	<u>18.2</u>	<u>(64.3)</u>	<u>44.9</u>
Change in net position	<u>\$ 37.6</u>	<u>29.1</u>	<u>132.3</u>

The principal determinants of the Authority's change in net position are operating revenues less operating expenses plus non-operating revenues (expenses), net.

Operating revenues consist primarily of interest earnings on mortgage loans and operating expenses consist predominantly of interest expense on notes and bonds payable and operating expenses of the Authority. Non-operating revenues primarily consist of investment income, which includes realized and unrealized gains or losses on investments and investment derivatives.

Fiscal Year 2023

Operating revenues decreased \$30.5 million or 7.4% from the prior year. The primary factor was the decrease in other operating revenues of \$43.7 million or 40.0%, caused by a reduction on the gains from the sale of single-family mortgage loans of \$36.8 million or 87.8% because of rapidly increasing interest rates. Operating expenses for the year increased \$43.5 million or 13.7% from the prior year. The increase was primarily the result of increased grant expenses and interest costs, which increased \$29.7 million and \$21.9 million respectively, from the prior year, because of increased grant activity and increasing interest rates. Non-operating revenues (expenses), net, increased by \$82.5 million or 128.3% from the prior year. The primary factor was the decrease in unrealized losses on investments of \$77.8 million or 76.2% due to a slower increasing interest rate environment.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Management's Discussion and Analysis
(unaudited)
June 30, 2023 and 2022

Fiscal Year 2022

Operating revenues decreased \$1.0 million or 0.2% from the prior year. The primary factor was the decrease in interest income of \$2.4 million or 0.8%, due to a reduction in mortgage loan prepayments and the associated prepayment fees on the rental housing mortgage portfolio. Operating expenses for the year decreased \$6.4 million or 2.0% from the prior year. The decrease was primarily the result of the provision for loan losses, which decreased \$21.4 million from the prior year. Non-operating revenues (expenses), net, decreased by \$109.2 million or 243.2% from the prior year. The primary factor was the decrease in unrealized gain/(loss) on investments of \$118.4 million or 740.0% due to an increasing interest rate environment.

Other Economic Factors

The Authority's mortgage loan financing activities are sensitive to the general level of involvement of the federal government in the housing and capital markets, the general level of interest rates, the interest rates and other characteristics of the Authority's mortgage loans compared to mortgage loan products available in the mortgage loan market, and the supply of available affordable housing in the Commonwealth. The availability of long-term tax-exempt and taxable financing on favorable terms and the ability to securitize loans through GNMA, FNMA and FHLMC are key elements in providing the funding necessary for the Authority to continue its mortgage loan financing activities.

The Authority's main sources of revenues include mortgage loan interest, gains on sale of mortgage loans and mortgage servicing fees. The Authority's non-mortgage loan investment portfolio generally consists of marketable securities bearing short-term maturities. The one-month Daily Treasury rates have increased to 5.24% in June 2023 from 1.28% in June 2022.

Delinquency and foreclosure rates in the homeownership loan portfolio, and to a lesser extent the rental housing loan portfolio, are influenced by unemployment and underemployment. Virginia's seasonally adjusted unemployment rate was 2.7% and 2.8% in June 2023 and 2022, respectively. Virginia underemployment rates, which include those no longer seeking employment and those employed only part-time who desire full-time work, were 5.4% and 6.3% in the fiscal year ended June 30, 2023 and 2022, respectively.

Additional Information

Questions about this report or additional information can be obtained by visiting the Authority's website, www.virginiahousing.com, or contacting the Capital Markets Division of the Authority.



INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Virginia Housing Development Authority
Richmond, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the years ended June 30, 2023 and 2022 (except for the Retiree Health Care Plan fiduciary fund, which is as of and for the years ended December 31, 2022 and 2021), and the related notes to the financial statements, which collectively comprise the Virginia Housing Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Virginia Housing Development Authority, as of June 30, 2023 and 2022 (except for the Retiree Health Care Plan Fiduciary fund, which is as of December 31, 2022 and 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Virginia Housing Development Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1(cc) to the financial statements, effective July 1, 2021, the Authority adopted Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-Based Information Technology Arrangements* new accounting guidance for subscription-based information technology software. The guidance requires that right to use information technology software alone or in combination with tangible capital assets are recognized as an asset with a corresponding subscription liability instead of being recognized as a general operating expense. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Retiree Healthcare Plan – Schedule of Changes in the Net OPEB (Asset) Liability and Related Ratios, and the Retiree Healthcare Plan – Schedule of Contributions (collectively, the Required Supplementary Information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedule of Net Position – June 30, 2023 and 2022, Combining Schedule of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2023 and 2022, Combining Schedule of Fiduciary Net Position – Fiduciary Funds – Custodial Funds – June 30, 2023 and 2022, and the Combining Schedule of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds – Year ended June 30, 2023 and 2022 (collectively, the Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Virginia Housing Development Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
September 14, 2023

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Net Position

June 30, 2023 and 2022

	2023	2022 (as restated)
Assets		
Current assets:		
Cash and cash equivalents (note 5)	\$ 1,422,993,877	1,826,063,243
Investments (note 5)	29,447,400	-
Interest receivable – investments	11,150,941	4,607,193
Derivative instruments (note 12)	677,629	5,336,502
Mortgage loans held for sale (note 1)	178,361,111	316,106,009
Mortgage and other loans receivable, net (note 4)	186,979,870	194,314,219
Interest receivable – mortgage and other loans	24,544,263	23,892,786
Other real estate owned (note 1)	5,059,108	4,618,141
Other assets	18,848,637	26,159,977
Total current assets	1,878,062,836	2,401,098,070
Noncurrent assets:		
Investments (note 5)	789,896,576	1,055,039,053
Mortgage and other loans receivable (note 4)	6,716,297,976	6,266,866,320
Less allowance for loan loss (note 1)	113,557,568	143,455,103
Mortgage and other loans receivable, net	6,602,740,408	6,123,411,217
Capital Assets, net of accumulated depreciation and amortization of \$69,246,833 and \$65,607,441 respectively (note 6)	35,400,371	41,934,339
Mortgage servicing rights, net (note 1)	36,834,996	44,074,557
Other assets	11,799,064	19,158,265
Total noncurrent assets	7,476,671,415	7,283,617,431
Total assets	9,354,734,251	9,684,715,501
Deferred outflows of resources		
Other postemployment benefits - change in assumptions (note 16)	1,914,127	1,911,020
Other postemployment benefits - difference between expected and actual experience (note 16)	6,130,868	6,868,575
Other postemployment benefits - difference between projected and actual earning (note 16)	3,213,143	-
Total deferred outflows of resources	11,258,138	8,779,595

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Net Position

June 30, 2023 and 2022

	2023	2022 (as restated)
Liabilities		
Current liabilities:		
Notes and bonds payable (note 9)	\$ 527,991,788	816,748,847
Accrued interest payable on notes and bonds	35,391,669	32,062,987
Escrows (note 11)	30,571,911	29,578,957
Federal grant awards held (note 1)	84,706,517	226,810,062
Accounts payable and other liabilities (note 17)	33,237,559	34,173,832
Total current liabilities	711,899,444	1,139,374,685
Noncurrent liabilities:		
Bonds payable, net (note 9)	4,635,722,972	4,573,350,313
Project reserves (notes 11 and 17)	113,844,901	105,053,442
Loan participation payable to Federal Financing Bank (note 10)	34,022,078	34,824,533
Other liabilities (notes 15 and 17)	18,927,773	22,925,646
Total noncurrent liabilities	4,802,517,724	4,736,153,934
Total liabilities	5,514,417,168	5,875,528,619
Deferred inflows of resources		
Deferred fees and points on multifamily loans (note 1)	64,899,545	63,934,190
Other postemployment benefits - change in assumptions (note 16)	586,871	665,047
Other postemployment benefits - difference between expected and actual experience (note 16)	941,509	124,609
Other postemployment benefits - difference between projected and actual earning (note 16)	-	5,757,970
Total deferred inflows of resources	66,427,925	70,481,816
Net position (notes 1 and 14):		
Net investment in capital assets (notes 1 and 14)	8,776,652	12,481,351
Restricted by bond indentures (notes 1 and 14)	3,326,942,345	3,317,287,007
Unrestricted (notes 1 and 14)	449,428,299	417,716,303
Total net position	\$ 3,785,147,296	3,747,484,661

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023 and 2022

	2023	2022 (as restated)
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 305,126,433	292,785,878
Housing Choice Voucher program administrative income (note 1)	9,269,212	8,379,512
Gains and recoveries on sale of other real estate owned	853,177	450,340
Gains on sale of single family mortgage loans	5,101,991	41,899,002
Mortgage servicing fees net of guaranty fees	41,884,948	38,191,108
Tax credit program fees earned	8,141,690	4,784,281
Other	9,478,751	23,907,689
Total operating revenues	379,856,202	410,397,810
Operating expenses:		
Interest on notes and bonds payable	165,978,939	144,108,923
Salaries and related employee benefits (notes 15 and 16)	79,500,734	72,856,377
General operating expenses	36,198,890	42,439,760
Note and bond expenses	1,437,986	1,428,411
Bond issuance expenses	2,125,360	6,063,171
Grant expenses	63,696,630	34,021,786
Housing Choice Voucher program expenses (note 1)	10,726,712	8,447,467
Mortgage servicing rights amortization and other servicing costs	27,531,011	32,043,826
Losses on other real estate owned (note 1)	2,029,594	1,137,532
Provision for loan losses (note 1)	(28,765,158)	(25,535,946)
Total operating expenses	360,460,698	317,011,307
Operating income	19,395,504	93,386,503
Nonoperating revenues (losses):		
Pass-through grant awards (note 1)	229,995,448	238,148,054
Pass-through grants expenses (note 1)	(229,995,448)	(238,148,054)
Investment income (note 13)	84,491,782	37,780,594
Realized loss on investments (note 1)	(41,939,742)	(20,678)
Unrealized loss on investments (note 1)	(24,299,505)	(102,106,956)
Other, net	14,596	12,999
Total nonoperating revenues (expenses), net	18,267,131	(64,334,041)
Change in net position	37,662,635	29,052,462
Total net position, beginning of year	3,747,484,661	3,718,432,199
Total net position, end of year	\$ 3,785,147,296	3,747,484,661

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022 (as restated)
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (1,533,990,515)	(2,595,509,171)
Principal repayments on mortgage and other loans	307,130,301	699,267,211
Sale of mortgage loans	844,996,215	1,223,336,578
Interest received on mortgage and other loans	305,378,018	298,272,187
Pass-through grant awards received	87,891,902	405,561,789
Pass-through grant awards disbursed	(229,654,488)	(244,922,299)
Grant administrative fees received	3,515,520	13,198,742
Housing Choice Voucher payments received	7,271,790	7,756,894
Housing Choice Voucher payments disbursed	(8,430,620)	(11,224,308)
Escrow and project reserve payments received	265,863,439	202,877,933
Escrow and project reserve payments disbursed	(256,079,026)	(212,081,748)
Other operating revenues	67,129,614	107,640,915
Cash received for loan origination fees and loan discounts	4,833,837	11,517,940
Cash paid for loan origination fees and loan premiums	(4,681,911)	(13,719,643)
Cash payments for salaries and related benefits	(79,244,127)	(72,634,337)
Cash payments on grants	(63,696,631)	(34,021,786)
Cash payments for general operating expenses	(29,195,815)	(31,604,984)
Cash payments for servicing release premiums and guaranty fees	(30,002,408)	(39,314,169)
Proceeds from sale of other real estate owned	16,251,426	2,232,825
Net cash used in operating activities	(324,713,479)	(283,369,431)
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	417,410,000	1,002,348,474
Principal payments on notes and bonds	(643,936,237)	(681,290,340)
Principal payments on loan participation - FFB	(802,455)	(770,794)
Interest payments on notes and bonds	(162,508,413)	(145,670,134)
Cash payments for bond issuance expenses	(2,125,359)	(6,063,171)
Net cash (used in)/provided by noncapital financing activities	(391,962,464)	168,554,035
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(858,409)	(1,926,822)
Lease payments	(714,824)	(797,302)
Subscription-based information technology payments	(7,370,838)	(6,695,424)
Net cash used in capital and related financing activities	(8,944,071)	(9,419,548)
Cash flows from investing activities:		
Purchases of investments	(28,933,600)	(18,230,324)
Proceeds from sales or maturities of investments	272,625,230	162,654,660
Interest received on investments	78,859,018	36,382,093
Net cash provided by investing activities	322,550,648	180,806,429
Net (decrease)/increase in cash and cash equivalents	(403,069,366)	56,571,485
Cash and cash equivalents, at beginning of year	1,826,063,243	1,769,491,758
Cash and cash equivalents, at end of year	\$ 1,422,993,877	1,826,063,243

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022 (as restated)
Reconciliation of operating income to net cash used in operating activities:		
Operating income	\$ 19,395,504	93,386,503
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	4,399,565	4,354,950
Amortization of right to use asset	6,497,427	6,112,770
Bond issuance costs	2,125,360	6,063,171
Interest on notes and bonds payable	165,978,939	144,108,923
Decrease/(increase) in mortgage loans held for sale	137,744,898	(153,927,240)
Increase in mortgage and other loans receivable	(512,285,989)	(511,974,692)
Decrease in allowance for loan loss	(29,897,535)	(26,127,496)
(Increase)/decrease in interest receivable – mortgage and other loans	(651,477)	1,973,520
Increase in other real estate owned	(440,967)	(1,595,649)
Decrease in mortgage servicing rights	7,239,561	338,026
Decrease/(increase) in other assets	14,670,542	(15,569,648)
Increase deferred outflows of resources	(2,478,543)	(76,715)
(Decrease)/increase in deferred inflows of resources	(4,053,891)	17,179,582
(Decrease)/increase in Federal funds held	(142,103,545)	167,413,735
Decrease in accounts payable and other liabilities	(1,544,009)	(6,139,061)
Increase/(decrease) in escrows and project reserves	10,690,681	(8,890,110)
Net cash used in operating activities	\$ (324,713,479)	(283,369,431)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 12,695,971	3,064,481
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ 70,188,682	221,442,205

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Fiduciary Net Position
Fiduciary Funds
June 30, 2023 and 2022

	2023		2022	
	Retiree Health Care Plan*	Custodial Funds	Retiree Health Care Plan*	Custodial Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,954	81,748,715	729,572	98,949,760
Interest receivable - investments	-	42,945	-	4,864
Interest receivable - mortgage and other loans	-	137,246	-	62,108
Other assets	-	1,046	-	65,149
Total current assets	<u>1,954</u>	<u>81,929,952</u>	<u>729,572</u>	<u>99,081,881</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	2,702,870	-	35,996,852
Investments	50,069,991	-	54,296,057	-
Total noncurrent assets	<u>50,069,991</u>	<u>2,702,870</u>	<u>54,296,057</u>	<u>35,996,852</u>
Total assets	<u>50,071,945</u>	<u>84,632,822</u>	<u>55,025,629</u>	<u>135,078,732</u>
LIABILITIES				
Accounts payable	900,052	-	1,525,477	-
Other liabilities	-	3,704,909	-	2,713,304
Total liabilities	<u>900,052</u>	<u>3,704,909</u>	<u>1,525,477</u>	<u>2,713,304</u>
NET POSITION				
Restricted for:				
Other postemployment benefit plan other than pension	49,171,893	-	53,500,152	-
Funds held in escrow	-	75,335,481	-	93,736,163
Other governmental agency	-	5,592,432	-	38,629,266
Total Net Position	<u>\$ 49,171,893</u>	<u>80,927,913</u>	<u>53,500,152</u>	<u>132,365,429</u>

* December 31, 2022 and 2021 year-end, see note 16
See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Statements of Changes in Fiduciary Net Position
Fiduciary Funds
Years ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
ADDITIONS				
Contribution:				
Borrower payments	\$ -	1,656,192,678	-	2,716,640,483
Employers	2,958,503	131,777	2,279,584	141,569
Other governmental agency	-	-	-	9,456,152
Total Contributions	<u>2,958,503</u>	<u>1,656,324,455</u>	<u>2,279,584</u>	<u>2,726,238,204</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	(9,646,755)	-	3,532,779	-
Interest, dividends, and other	1,000,524	1,764,985	741,089	24,051
Securities lending income gain on sales	2,437,719	-	2,879,334	-
Total investment earnings (losses)	<u>(6,208,512)</u>	<u>1,764,985</u>	<u>7,153,202</u>	<u>24,051</u>
Total additions	<u>(3,250,009)</u>	<u>1,658,089,440</u>	<u>9,432,786</u>	<u>2,726,262,255</u>
DEDUCTIONS				
Benefits paid to participants or beneficiaries	900,052	-	797,549	-
Other governmental agency	-	34,791,461	-	166,303
Disbursement of escrow funds	-	1,674,593,360	-	2,763,517,863
Administrative expense	178,198	142,135	97,663	131,777
Total deductions	<u>1,078,250</u>	<u>1,709,526,956</u>	<u>895,212</u>	<u>2,763,815,943</u>
Net increase/(decrease) in fiduciary net position	(4,328,259)	(51,437,516)	8,537,574	(37,553,688)
Net position - beginning of year	53,500,152	132,365,429	44,962,578	169,919,117
Net position - end of year	<u>\$ 49,171,893</u>	<u>80,927,913</u>	<u>53,500,152</u>	<u>132,365,429</u>

* December 31, 2022 and 2021 year-end, see note 16
See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Virginia Housing Development Authority (Authority) was created under the Virginia Housing Development Authority Act, as amended (Act) enacted by the 1972 Session of the Virginia General Assembly. The Act empowers the Authority, among other authorized activities, to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income. Mortgage loans are generally financed by the proceeds of notes, bonds, or other debt obligations of the Authority or by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) guaranteed mortgage backed securities (see Note 1 (g)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other component units, are combined to form the component units of the Commonwealth. The Authority reports all of its activities as a single enterprise fund, in accordance with U.S. generally accepted accounting principles (GAAP). See Note 2 for further discussion.

(b) Measurement Focus and Basis of Accounting

The Authority utilizes the economic resources measurement focus and accrual basis of accounting in preparing its basic financial statements where revenues are recognized when earned and expenses when incurred. The accounts are organized on the basis of funds and groups of funds, which are set up in accordance with the Act and the various note and bond resolutions.

(c) Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosures of contingencies at the date of the basic financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

(d) Fair Value Hierarchy

Fair value measurements not valued at net asset value using the practical expedient are categorized into a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset. Classification of assets within the hierarchy considers the markets in which assets are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available.

The levels of the hierarchy are defined as follows:

- Level 1 - Valuation is based on quoted prices (unadjusted) for identical assets in an active market.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

- Level 2 - Valuation is based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active and assets valued based on observable market data and market-corroborated inputs for similar instruments.
- Level 3 - Valuation is based upon various techniques that use assumptions that are not observable in the market and are significant to the fair value measurement.

In determining which hierarchy level a financial instrument is classified, the Authority considers all available information, including observable market data and indications of market liquidity. Assets and liabilities that are valued at fair value on a recurring basis include investments and derivative instruments. Assets that are measured on a non-recurring basis include other real estate owned and mortgage loans held for sale as these are carried at the lower of cost or fair value.

(e) Investments

Investments include various debt and asset backed securities which are reported at fair value in the Statements of Net Position, with changes in fair value recognized separately as unrealized gains or losses on investments in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt securities and asset backed securities is derived from management's review of third party pricing services that use various models that are based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments. If investments are sold then the resulting realized gains or losses are reported separately in the Statements of Revenues, Expenses, and Changes in Net Position.

(f) Derivative Instruments

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2023, the Authority had outstanding 56 forward sales transactions with a \$266.2 million notional amount with seven counterparties with concentrations and ratings (Standard & Poor's, Moody's Investors Service) as shown in Note 12. At June 30, 2022, the Authority had outstanding 78 forward sales transactions with a \$478.3 million notional amount with five counterparties with concentrations and ratings (Standard & Poor's, Moody's Investors Service). The 2023 forward sales contracts will settle by August 21, 2023. These contracts are treated as investments in derivative instruments and the change in fair value is reported on the Statement of Revenues, Expenses, and Changes in Net Position as unrealized gain (loss) on investments.

(g) Mortgage Loans Held for Sale

The Authority is an authorized issuer of GNMA, FNMA and FHLMC Mortgage-Backed Securities (MBS). Through the MBS programs, GNMA, FNMA and FHLMC guarantee securities that are backed by pools of mortgage loans originated or purchased by the Authority. These mortgage loan securitizations are treated as sales for accounting and reporting purposes. Upon the sale, the Authority no longer recognizes the mortgage loans receivable in the Statements of Net Position.

Mortgage loans originated or acquired with the intent to sell through the MBS programs are carried at the lower of cost or fair value. The fair values of the loans are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of mortgage loans held for sale is classified as Level 2 in the fair value hierarchy. Any gains or losses on loan sales are reported in the Statements of Revenues, Expenses, and Changes in Net Position.

(h) Mortgage and Other Loans Receivable

Mortgage and other loans receivable are stated at their unpaid principal balance, net of premiums and discounts and an allowance for loan losses. Pricing premiums and discounts are deferred and

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

amortized, using the interest method, over the contractual life of the loans as an adjustment to yield. The interest method is computed on a loan-by-loan basis and any unamortized premiums and discounts on loans fully repaid are recognized as income in the year in which such loans are repaid.

(i) Allowance for Loan Losses

The Authority provides for expected losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of its mortgage loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience and delinquency statistics, the value and adequacy of collateral, and economic conditions.

The allowance for loan losses was decreased by \$29,897,535 for the year ended June 30, 2023 and decreased by \$26,127,496 for the year ended June 30, 2022.

	Year ended June 30	
	2023	2022
Beginning balance, July 1	\$ 143,455,103	169,582,599
Provision:		
Homeownership	(17,223,095)	(16,952,204)
Rental Housing	(11,542,063)	(8,583,742)
Provision	(28,765,158)	(25,535,946)
Net (charge-offs)/recoveries:		
Homeownership	(1,132,377)	(591,550)
Rental Housing	-	-
Net charge-offs	(1,132,377)	(591,550)
Net change	(29,897,535)	(26,127,496)
Ending balance, June 30	\$ 113,557,568	143,455,103

(j) Mortgage servicing rights

The Authority pays mortgage servicing release premiums when purchasing homeownership mortgage loans from participating lenders. These premiums are capitalized at cost and amortized on a loan-by-loan basis over the estimated life of the related mortgage loans using the sum-of-years-digits method. Mortgage servicing rights are recorded when those mortgage loans are securitized through either GNMA, FNMA or FHLMC and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

(k) Other Real Estate Owned

Other real estate owned represents current investments in homeownership dwellings and rental housing developments, acquired primarily through foreclosure, and is stated at the lower of cost or fair value less estimated disposal costs. On a non-recurring basis, fair values of the real properties are

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

assessed by comparing them to similar properties. The Authority's portfolio of real estate owned is classified as a Level 2 in the fair value hierarchy. Gains and losses from the disposition of other real estate owned are reported separately in the Statements of Revenues, Expenses, and Changes in Net Position.

(l) Capital Assets

Capital assets are capitalized at cost and depreciation is provided on the straight-line basis over the estimated useful lives, which are 30 years for buildings, and from 3 to 10 years for furniture and equipment, and 5 years for vehicles. The capitalization threshold for property, furniture, and equipment is \$1,000.

Certain costs associated with internally generated computer software are accounted for as capital assets. The capitalization threshold for internally generated computer software is \$1,000,000. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's expected useful life of 3 to 5 years.

(m) Leases and Subscription-Based Information Technology Arrangements

On July 1, 2018 the Authority entered into an agreement to lease an office building. In June of 2022, the Authority reassessed the lease terms and decided to exercise the option to extend the lease agreement which will result in an increase to the lease liability. The lease asset is reported as a capital asset, net of accumulated amortization, and as a current and non-current lease liability. Both the lease asset and lease liability are reported in the Statement of Net Position. Leasehold improvements are capitalized and amortized over the remaining life of the lease term. Further disclosure for the building lease is discussed in Note 8.

As of July 1, 2022, the Authority adopted GASB 96 – Subscription-Based Information Technology Arrangements (SBITA), which provides new accounting guidance for contracts that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets for a specified period of time. The new guidance requires that these contracted arrangements be treated as a right to use asset with a corresponding subscription liability. The right to use asset is included with capital assets and may include implementation costs to be amortized over the term of the contract once placed into service. The liability is initially measured at the present value of the subscription payments expected to be made during the subscription term. The liability is included with Accounts Payable and other liabilities for the discounted payments expected to be made in the next year, the remainder is included with the other liabilities as a noncurrent liability. Further disclosures of the Authority's SBITA is available in Note 7. This change in accounting will be retroactively applied to fiscal year 2022 as discussed in Note 1 (cc).

(n) Bond Issuance Expense

Bond issuance costs are expensed in the period incurred.

(o) Notes and Bonds Payable

Notes and bonds payable are stated at their unpaid balance less any unamortized premiums or discounts. Bond premiums and discounts are amortized over the lives of the issues using the interest method. The Authority generally has the right to specially redeem bonds, without premium, upon the occurrence of certain specified events, such as the prepayment of a mortgage loan. The Authority also has the right to optionally redeem the various bonds. The optional redemptions generally cannot be exercised until the bonds have been outstanding for approximately ten years. All issues generally have term bonds, which are subject to partial redemption, without premium, from mandatory sinking fund installments.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(p) Retirement Plans and Other Postemployment Benefit Plans

The Authority has three defined contribution retirement savings plans covering substantially all employees. Retirement expense is fully funded as incurred. To the extent terminating employees are less than 100% vested in the Authority's contributions, the unvested portion is forfeited and redistributed to the remaining participating employees.

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Plan adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than*

Pensions, for the fiscal year ended June 30, 2018. For purposes of measuring the net OPEB liability (asset), deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

(q) Compensated Absences

Authority employees are granted vacation and sick pay in varying amounts as services are provided. Employees may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination, or death, may be compensated for certain amounts at their then current rates of pay. The amount of vacation and sick pay recognized as expense is the amount earned each year.

(r) Related Party Transactions

The Authority provides split dollar life insurance as a form of compensation to retain talented key associates.

(s) Pass-Through Revenues and Expenses

U.S. Department of Housing and Urban Development – Tenant Based Section 8

The Authority serves as an administrator for the U.S. Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Voucher program, consisting of the voucher program as well as other tenant-based assistance programs. The Authority requisitions Section 8 funds, makes disbursements of funds to eligible participants, and recognizes administrative fee income. Program income and program expenses that are recognized as pass-through grants based upon the amount of allowable Housing Assistance Payments (HAP) disbursements, totaled \$88,173,776 and \$77,568,089 during the years ended June 30, 2023 and 2022, respectively.

Excess HAP or administrative funds disbursed to the Authority were recorded as revenue in the Statements of Revenues, Expenses and Changes in Net Position and as unrestricted net position in the Statements of Net Position. Cumulative deficit of HAP funds totaled \$1,797,846 as of June 30, 2023, and cumulative excess of HAP funds totaled \$482,944 as of June 30, 2022. Cumulative excess administrative funds totaled \$1,779,695 and \$956,405 as of June 30, 2023 and 2022, respectively. HUD monitors the utilization of these excess funds and adjusts funding levels prospectively to assure

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

all funds are being used to serve families up to the maximum number of vouchers authorized for the program.

U.S. Department of Housing and Urban Development – Project Based Section 8

As the Commonwealth's administrator for HUD's Section 8 New Construction and Substantial Rehabilitation program, the Authority makes requisitions of Section 8 funds, makes disbursements of HAP funds to landlords of eligible multi-family developments, and recognizes administrative fee income.

The Authority received and disbursed pass-through grants totaling \$247,485 and \$2,759,072 during the years ended June 30, 2023 and 2022, respectively.

U.S. Department of Housing and Urban Development – Housing Counseling Assistance Program

The Authority serves as an administrator for HUD-approved Housing Counseling Agencies in the Commonwealth. The Housing Counseling Assistance Program provides counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The Authority did receive pass-through grants of \$1,233,227 and \$643,458 during the years ended June 30, 2023 and 2022, respectively.

U.S. Department of the Treasury – Rent Relief Program

The Authority serves as a sub-recipient of U.S. Department of the Treasury funds from Virginia Department of Housing and Community Development (DHCD) to support the Rental Relief Program. The program provided financial assistance for up to 15 months of rental payments to property owners for the benefit of their tenants. The program was funded by three funding sources, two federal and one state: Coronavirus Relief Fund, Emergency Rental Assistance Program and the Housing Trust Fund.

During the year ended June 30, 2022, the Coronavirus Relief Fund and Emergency Rental Assistance Programs were concluded. During the year ended June 30, 2022, the Authority received and disbursed pass-through grants totaling \$134,436,582.

U.S. Department of the Treasury – Homeowner Assistance Fund

The Authority serves as recipient of U.S. Department of the Treasury funds to support the Homeowner Assistance Fund. The program provided financial assistance to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020.

During the year ended June 30, 2023, the Authority disbursed Homeowner Assistance Fund grants of \$140,340,960. For its support of the program, the Authority earned \$3,515,520 in administrative fees.

(t) Commonwealth Priority Housing Fund, Housing Trust Fund, & National Housing Trust Fund

The Commonwealth Priority Housing Fund (Fund), established by the 1988 Session of the Virginia General Assembly, uses funds provided by the Commonwealth in that Session to make loans and grants for a wide variety of housing initiatives. The Virginia Department of Housing and Community Development (DHCD) develops the program guidelines and the Authority acts as administrator for the Fund.

The Housing Trust Fund (Trust Fund), established by the 2013 Session of the Virginia General Assembly, uses funds provided by the Commonwealth in that Session to make loans and grants for a wide variety of housing initiatives. DHCD develops the program guidelines and the Authority acts as administrator for the Trust Fund.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The National Housing Trust Fund (National Trust) is a federal fund established through the Housing and Economic Recovery Act of 2008, it exclusively targets to help build, preserve, rehabilitate, and operate housing that is affordable to people with the lowest incomes. DHCD administers the program through the Affordable and Special Needs Housing application process.

In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Commonwealth Priority Housing Fund, Housing Trust Fund and National Housing Trust Fund are accounted for as fiduciary activities and disclosed on the Authority's Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position.

(u) Cash Equivalents

Cash equivalents consist of highly liquid short-term instruments with original maturities of three months or less from the date of purchase and are recorded at amortized cost. Cash equivalents include commercial paper, repurchase agreements, money-market securities, and other short-term instruments.

(v) Rebatable Arbitrage

Rebatable arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the debt. This results in investment income in excess of interest costs. Federal law requires such income be rebated to the U.S. government if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Arbitrage must be calculated, reported and paid every five years or at maturity of the debt, whichever is earlier. For financial reporting purposes the potential liability is calculated annually.

(w) Statements of Net Position

The assets presented in the Statements of Net Position represent the total of similar accounts of the Authority's various groups (see Note 2). Since the assets of certain of the groups are restricted by the related debt resolutions, the total does not indicate that the combined assets are available in any manner other than that provided for in the resolutions for the separate groups. When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first and thereafter, unrestricted resources as needed.

(x) Operating and Nonoperating Revenues and Expenses

The Authority's Statements of Revenues, Expenses, and Changes in Net Position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally arise from financing the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy and ownership, by families of low or moderate income. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(y) Deferred Outflows of Resources and Deferred Inflows of Resources

The Authority reports deferred outflows of resources and deferred inflows of resources on its Statements of Net Position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period. See Note 16 for further discussion regarding deferred outflows of resources and deferred inflows of resources associated with the Authority's other postemployment benefits plan.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(z) Deferred Fees and Points on Multifamily Loans

During the rental housing origination process, fees are collected during the loan closing process. Origination type fees are reported as income in the current year collected however, the fees related to loan pricing are treated as points and deferred over the life of the loan.

(aa) Federal Grant Awards Held

There are three specific Federal programs that Virginia Housing received award funds from, Emergency Rental Assistance program, Coronavirus Relief Fund program and Homeowner Assistance Fund. As of June 30, 2023, the Emergency Rental Assistance and Coronavirus Relief Fund programs have ended and were fully disbursed. The remaining funds are from the Homeowner Assistance Fund and are received but not yet disbursed.

(bb) REACH and Grant Expenses

The Authority developed the Resources Enabling Affordable Community Housing (REACH) Virginia program to use internally generated funds to provide grants and subsidize mortgage loans to assist the elderly, disabled, homeless, and other low-income persons and increase affordable housing opportunities in the Commonwealth. The amount of REACH Virginia the Authority commits is based on the average of the Authority's change in net position, as unadjusted for the effect of Governmental Accounting Standards Board (GASB) No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, for the preceding three fiscal years then the amount disbursed as grants is added back with the result then being multiplied by a Board approved percentage currently set a 60%. The amount made available to the REACH Virginia initiative is subject to periodic review by the Authority depending on the impact to its financial position.

The Authority provides several different types of grants, which are reflected on the financial statements as operating expenses and include but are not limited to down payment assistance grants, accessibility grants, network capacity support grants and community market support grants. Most of these grants are conditional and are only paid based on a loan closing or for reimbursement for a supportive housing expense incurred by a grantee. In fiscal year 2023, the Authority had grant expenses of \$63.7 million. In fiscal year 2022, the Authority had grant expenses of \$34.0 million.

(cc) New Accounting Standards and Restatement of Net Position

The authority adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements, effective July 1 2022; and has applied it to the financial statements for all periods presented. GASB 96 requires that right to use information technology software alone or in combination with tangible capital assets are recognized as an asset with a corresponding subscription liability instead of being recognized as a general operating expense.

The application of GASB 96 has resulted in the cumulative adjustment to the opening balance of net position as of July 1, 2021. The cumulative effect of the implementation of GASB 96 related to subscription based information technology arrangement assets and their corresponding liability and their effect on select financial statement line items after the application at June 30, 2022 is as follows:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Statement of Net Position - June 30, 2022	As Previously Reported	Restatement/ Adjustment	As Restated
Noncurrent assets:			
Capital Assets, net of accumulated depreciation and amortization of \$52,429,250	\$ 21,052,033	20,882,306	41,934,339
Current Liabilities :			
Accounts payable and other liabilities	28,617,970	5,555,862	34,173,832
Noncurrent Liabilities:			
Other liabilities	8,181,856	14,743,790	22,925,646
Net Position:	<u>\$ 3,746,902,007</u>	<u>582,654</u>	<u>3,747,484,661</u>

The following table illustrates the cumulative effect of all components due to the change in accounting principle as of June 30, 2022:

June 30, 2022, net position, as originally reported	\$ 3,746,902,007
Cumulative effect of changes in accounting principle at June 30, 2022	582,654
June 30, 2022, net position, as restated	<u>\$ 3,747,484,661</u>

The effect of implementation of GASB 96 on select statement line items of the statement of revenues, expenses, and changes in net position before and after application for the year ended June 30, 2022:

Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2022	As Previously Reported	Restatement/ Adjustment	As Restated
Operating expenses:			
General operating expenses	\$ 43,022,414	(582,654)	42,439,760
Change in net position	<u>28,469,808</u>	<u>582,654</u>	<u>29,052,462</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The effect of implementation of GASB 96 on select statement line items of the statements of cash flows before and after application for the year ended June 30, 2022:

Statements of Cash Flows Year ended June 30, 2022	As Previously Reported	Restatement/ Adjustment	As Restated
Cash flows from operating activities:			
Cash payments for general operating expenses	\$ (39,097,710)	7,492,726	(31,604,984)
Cash flows from capital and related financing activities:			
Lease payments	-	(797,302)	(797,302)
Subscription-based information technology payments	-	(6,695,424)	(6,695,424)
Reconciliation of operating income to net cash provided by/(used in) operating activities:			
Operating income	92,803,849	582,654	93,386,503
Amortization of right to use asset	-	6,112,770	6,112,770
Decrease in accounts payable and other liabilities	(6,936,363)	797,302	(6,139,061)
Net cash used in operating activities	<u>\$ (290,862,157)</u>	<u>7,492,726</u>	<u>(283,369,431)</u>

(dd) Reclassifications

Certain reclassifications have been made to the investments portion of the nonoperating revenues (losses) section of the Statements of Revenues, Expenses, and Changes in Net Position June 30, 2022, financial statements to conform to the June 30, 2023, presentation, see Note 1(e).

(2) Basis of Presentation

The accounts of the Authority are presented in a single enterprise fund set of basic financial statements consisting of various programs. The Authority's activities include the following programs:

(a) General Operating Accounts

The General Operating Accounts consist of a group of accounts used to record the receipt of income not directly pledged to the repayment of specific notes and bonds and the payment of expenses related to the Authority's administrative functions.

(b) Rental Housing Bond Group

The proceeds of the Rental Housing Bonds are used to finance construction and permanent mortgage loans on rental housing developments, as well as, temporary financing for other rental housing real estate owned and the financing of the Authority's office facilities.

(c) Commonwealth Mortgage Bond Group

The proceeds of Commonwealth Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings, as well as, temporary financing for other homeownership real estate owned.

(d) Homeownership Mortgage Bond Group

The Homeownership Mortgage Bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Homeownership Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings.

(3) Restricted Assets

Restricted assets are primarily assets held for the benefit of the respective bond owners and include mortgage loans and investments. Certain assets are held on behalf of federal programs or housing initiatives of the Commonwealth.

Restricted assets as of June 30, 2023 and 2022 were as follows:

	June 30	
	2023	2022
Restricted current assets:		
Cash and cash equivalents	\$ 1,292,264,948	1,685,234,301
Interest receivable – investments	8,700,118	2,252,628
Derivative instruments	677,629	5,336,502
Mortgage loans held for sale	178,361,111	316,106,010
Mortgage and other loans receivable	177,437,428	185,957,091
Interest receivable – mortgage and other loans	23,719,632	23,254,858
Other real estate owned	1,823,116	1,429,581
Other assets	250,489	478,588
Total restricted current assets	1,683,234,471	2,220,049,559
Restricted noncurrent assets:		
Investments	788,528,217	1,053,615,558
Mortgage and other loans receivable	6,390,371,423	5,998,930,534
Less allowance for loan loss	74,634,846	96,143,116
Mortgage and other loans receivable, net	6,315,736,577	5,902,787,418
Net OPEB asset	503,303	7,791,339
Capital assets, net accumulated depreciation and amortization of \$22,637,204 and \$21,940,770 respectively	6,923,226	7,619,660
Total restricted noncurrent assets	7,111,691,323	6,971,813,975
Total restricted assets	\$ 8,794,925,794	9,191,863,534

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(4) Mortgage and Other Loans Receivable

Substantially all mortgage and other loans receivable are secured by first liens on real property within the Commonwealth. The following are the interest rates and typical loan terms by loan program or bond group for the major loan programs:

<u>Loan program/bond group</u>	<u>Interest rates</u>	<u>Initial loan terms</u>
General Operating Accounts	0% to 7.61%	Thirty to forty years
Rental Housing Bond Group	0% to 12.00%	Thirty to forty years
Commonwealth Mortgage Bond Group	0% to 9.38%	Thirty years
Homeownership Mortgage Bond Group	2.00% to 5.75%	Thirty years

Commitments to fund new loans were as follows at June 30, 2023:

	<u>Committed</u>
Rental Housing Bond Group	\$ 782,252,916
Commonwealth Mortgage Bond Group	<u>183,608,927</u>
Total	<u>\$ 965,861,843</u>

(5) Cash, Cash Equivalents, and Investments

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At June 30, 2023 and 2022, the carrying amount of the Authority's deposits was \$64,791,614 and \$292,542,601, respectively. The associated bank balance of the Authority's deposits was \$60,412,245 and \$281,215,552 at June 30, 2023 and 2022, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency-mortgage backed securities, money market securities and other interest-bearing securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At June 30, 2023 and 2022, total cash equivalents were \$1,358,202,263 and \$1,533,520,642, respectively.

The Investment of Public Funds Act of the Code of Virginia as well as the various bond resolutions establishes permitted investments for the Authority. Within the permitted statutory framework, the Authority's investment policy is to fully invest all monies and maximize the return thereon, by investing and managing investments in a prudent manner that will enable the Authority to fulfill its financial commitments. Approved investments include but are not limited to: direct obligations of the U.S. government, direct obligations of any state or political subdivision of the U.S. government, obligations unconditionally guaranteed by the U.S. government or other political subdivisions, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, and forward contracts. No more than 3.0% of the Authority's total assets may be invested in any one entity, excluding obligations issued or guaranteed by the U.S. government and repurchase agreement transactions. However, repurchase agreements cannot be no more than 10% of the Authority's total assets and must mature in less than one month. Such agreements must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy is to generally hold all investments to maturity and to limit the length of an investment at purchase, to coincide with expected timing of its use.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in market rates of interest will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. As a means of communicating interest rate risk, the Authority has elected the segmented time distribution method of disclosure, which requires the grouping of investment cash flows into sequential time periods in tabular form.

As of June 30, 2023, the Authority had the following investments (including cash equivalents) and maturities:

Investment type	Less than 1 year	1-5 years	6-10 years	Over 10 years	Total
U.S. government and agency	\$ 516,582,169	-	-	-	516,582,169
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	170,628	1,197,732	1,368,360
Collateralized mortgage obligations	-	-	-	22,651,771	22,651,771
Agency-mortgage backed securities	-	-	325,940	765,550,505	765,876,445
Money market securities	246,067,494	-	-	-	246,067,494
Total investments	<u>\$ 1,387,649,663</u>	<u>-</u>	<u>496,568</u>	<u>789,400,008</u>	<u>2,177,546,239</u>

As of June 30, 2022, the Authority had the following investments (including cash equivalents but excludes equity investments) and maturities:

Investment type	Less than 1 year	1-5 years	6-10 years	over 10 years	Total
U.S. government and agency	\$ 583,583,464	-	-	-	583,583,464
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	259,916	1,539,242	1,799,158
Collateralized mortgage obligations	-	-	-	24,780,290	24,780,290
Agency-mortgage backed securities	-	-	533,449	1,026,801,819	1,027,335,268
Money market securities	324,937,178	-	-	-	324,937,178
Total investments	<u>\$ 1,533,520,642</u>	<u>-</u>	<u>793,365</u>	<u>1,053,121,351</u>	<u>2,587,435,358</u>

On December 21, 2018, the Authority extended a pledge and security agreement with FNMA that requires the Authority to post collateral to secure its repurchase obligations with respect to the HFA Preferred Risk Sharing mortgage loans during the recourse period. The amount of required collateral is \$12.5 million, unchanged from a year ago. To comply with the collateral requirement, the Authority elected to pledge agency-mortgage backed securities valued at \$26.6 million and held in trust by a custodian agent for FNMA.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparties to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability. The following table presents investment (including cash equivalents) exposure to credit risk by investment type as of June 30, 2023:

	<u>Amount</u>	<u>S & P/ Moody's rating</u>	<u>Percentage of total investments</u>
Agency-Mortgage Backed Securities	\$ 765,876,445	Aaa	35.18 %
Repurchase Agreements	625,000,000	BBB-	28.71
US Government & Agency	516,245,969	P-1	23.71
Money Market Securities	241,701,208	P-1	11.10
Collateralized Mortgage Obligation	22,651,771	Aaa	1.04
Money Market Securities	4,000,000	NR	0.18
Asset-Backed Securities	1,053,589	Ca	0.04
Money Market Securities	366,286	Aaa-mf	0.01
Asset-Backed Securities	241,467	WR	0.01
Asset-Backed Securities	46,663	Aa2	0.01
Asset-Backed Securities	26,641	A1	0.01
Total investments	<u>\$ 2,177,210,039</u>		<u>100.00 %</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The following table presents investment (including cash equivalents but excludes equity investments) exposure to credit risk by investment type as of June 30, 2022:

	<u>Amount</u>	<u>S & P/ Moody's rating</u>	<u>Percentage of total investments</u>
Agency-Mortgage Backed Securities	\$ 1,027,335,268	Aaa	39.70 %
Repurchase Agreements	625,000,000	BBB-	24.15
US Government & Agency	583,583,464	Aaa	22.55
Money Market Securities	320,570,892	P-1	12.39
Collateralized Mortgage Obligation	24,780,290	Aaa	0.96
Money Market Securities	4,000,000	NR	0.16
Asset-Backed Securities	1,276,033	Ca	0.05
Money Market Securities	366,286	Aaa-mf	0.01
Asset-Backed Securities	350,980	WR	0.01
Asset-Backed Securities	109,630	Aa2	0.01
Asset-Backed Securities	62,515	A1	0.01
Total investments	<u>\$ 2,587,435,358</u>		<u>100.00 %</u>

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to investments held by a single issuer. The Authority only makes large investments with issuers who are either insured by the government, have strong credit ratings or who post collateral. The Authority had the following issuers that represent 5% or more of the total investments as of June 30, 2023 and 2022:

<u>Investment</u>	<u>S&P/Moody's rating</u>	<u>June 30, 2023</u>	
		<u>Amount</u>	<u>Percentage of total investments</u>
Agency-Mortgage Backed Securities			
GNMA	Aaa	\$ 654,724,672	30.1%
FNMA	Aaa	111,151,773	5.1%
Repurchase Agreements			
Cantor Fitzgerald	BBB-	425,000,000	19.5%
Jefferies	Baa2	200,000,000	9.2%
Money Market Securities			
US Bank Commercial Paper	P-1	143,968,623	6.6%
		<u>\$ 1,534,845,068</u>	<u>70.5%</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

<u>Investment</u>	<u>S&P/Moody's rating</u>	<u>June 30, 2022</u>	
		<u>Amount</u>	<u>Percentage of total investments</u>
Agency-Mortgage Backed Securities			
GNMA	Aaa	\$ 827,103,061	32.2%
FNMA		200,232,204	7.5%
Repurchase Agreements			
Cantor Fitzgerald	BBB-	625,000,000	24.2%
Money Market Securities			
US Bank Commercial Paper	P-1	<u>220,850,895</u>	<u>8.5%</u>
		<u>\$ 1,873,186,160</u>	<u>64.9%</u>

(d) Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Authority will not be able to recover the value of its investment of collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the Authority may not recover its deposits. The Authority's deposits are insured by the federal depository insurance or collateralized under the provisions of the Virginia Security for Public Deposits Act. For investments, custodial risk is the risk that in the event of a failure of a counterparty, the Authority will not be able to recover the value of its investments. The Authority's market value of securities that were uninsured and held by a counterparty at June 30, 2023 and 2022:

<u>Investment</u>	<u>Amount as of June 30, 2023</u>	<u>Amount as of June 30, 2022</u>
Asset Backed Securities - Held by US Bank	\$ 1,368,360	1,799,158
Money Market Securities - Held by Broker-Dealer	246,067,494	324,937,181
	<u>\$ 247,435,854</u>	<u>326,736,339</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(e) Fair Value Hierarchy

As of June 30, 2023, the Authority had the following investments, excluding cash equivalents valued at cost, measured at fair value on a recurring basis using the following fair value hierarchy categories:

<u>Investment type</u>	<u>June 30, 2023</u>	<u>Fair value measurement using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Agency-mortgage backed securities	\$ 765,876,445	-	765,876,445	-
Asset-backed securities	1,368,360	-	1,368,360	-
Collateralized mortgage obligations	22,651,771	-	22,651,771	-
Total				
investments	\$ <u>789,896,576</u>	<u>-</u>	<u>789,896,576</u>	<u>-</u>

As of June 30, 2022, the Authority had the following investments (excluding cash equivalents but excludes equity investments) measured using the following fair value hierarchy categories:

<u>Investment type</u>	<u>June 30, 2022</u>	<u>Fair value measurement using</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Agency-mortgage backed securities	\$ 1,027,335,265	-	1,027,335,265	-
Asset-backed securities	1,799,158	-	1,799,158	-
Collateralized mortgage obligations	24,780,290	-	24,780,290	-
Total				
investments	\$ <u>1,053,914,713</u>	<u>-</u>	<u>1,053,914,713</u>	<u>-</u>

(f) Equity Investment

On January 31, 2021, the Authority made an equity investment in IndieDwell Virginia Inc. for \$1.5 million, which equated to a 37.5 percent interest in the company. As of June 30, 2022, the equity investment had a fair market value of \$1.1 million. As of June 30, 2023, the equity investment has been fully dissolved.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(6) Capital Assets

Activity in the capital assets' accounts for the year ended June 30, 2023 was as follows:

	Balance June 30, 2022 (as restated)	Additions	Disposals	Transfers	Balance June 30, 2023
Land	\$ 2,935,815	-	-	-	2,935,815
Construction in process	1,254,746	473,519	-	(1,718,345)	9,920
Building	38,336,738	91,983	-	-	38,428,721
Leased Building	5,108,970	-	-	-	5,108,970
Right-to-Use assets	34,060,497	4,690,333	(2,314,670)	-	36,436,160
Furniture and equipment	25,191,033	203,401	(4,942,930)	532,627	20,984,131
Motor vehicles	653,981	89,506	-	-	743,487
	<u>\$ 107,541,780</u>	<u>5,548,742</u>	<u>(7,257,600)</u>	<u>(1,185,718)</u>	<u>104,647,204</u>

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2023 was as follows:

	Balance June 30, 2022 (as restated)	Additions	Disposals	Transfers	Balance June 30, 2023
Building	\$ (26,778,287)	(1,319,569)	-	-	(28,097,856)
Leased Building	(2,773,844)	(755,605)	-	-	(3,529,449)
Right-to-Use assets	(13,178,191)	(6,497,427)	2,314,670	-	(17,360,948)
Furniture and equipment	(22,323,142)	(2,262,310)	4,942,930	-	(19,642,522)
Motor vehicles	(553,977)	(62,081)	-	-	(616,058)
	<u>\$ (65,607,441)</u>	<u>(10,896,992)</u>	<u>7,257,600</u>	<u>-</u>	<u>(69,246,833)</u>

Activity in the capital assets' accounts for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022 (as restated)
Land	\$ 2,935,815	-	-	-	2,935,815
Construction in process	1,399,746	69,029	-	(214,029)	1,254,746
Building	38,261,618	75,120	-	-	38,336,738
Leased Building	3,587,582	1,521,388	-	-	5,108,970
Right-to-Use assets	33,432,199	628,298	-	-	34,060,497
Furniture and equipment	24,717,037	261,285	(1,318)	214,029	25,191,033
Motor vehicles	769,323	-	(115,342)	-	653,981
	<u>\$ 105,103,320</u>	<u>2,555,120</u>	<u>(116,660)</u>	<u>-</u>	<u>107,541,780</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Disposals	Transfers	Balance June 30, 2022 (as restated)
Building	\$ (25,472,598)	(1,305,689)	-	-	(26,778,287)
Leased Building	(2,078,504)	(695,340)	-	-	(2,773,844)
Right-to-Use assets	(7,065,421)	(6,112,770)	-	-	(13,178,191)
Furniture and equipment	(20,023,959)	(2,300,501)	1,318	-	(22,323,142)
Motor vehicles	(615,899)	(53,420)	115,342	-	(553,977)
	<u>\$ (55,256,381)</u>	<u>(10,467,720)</u>	<u>116,660</u>	<u>-</u>	<u>(65,607,441)</u>

(7) Subscription Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Implementation of this standard requires that these arrangements be treated as capital assets instead of expensed.

The Authority reviewed all active contracts and subscription arrangements to verify the ones that meet the criteria for being a SBITA. During the evaluation the Authority determined a materiality threshold of \$15,000 was appropriate to use as a cutoff for arrangements that would create a financial impact. The contracts and arrangements identified as SBITA's for the Authority ranged from software based systems used in the processing of mortgage loans, mortgage payments, internal learning applications, construction management and human resources software. The liability was calculated using the present value of future payments using a discount rate based on the incremental borrowing rate of the debt.

As of June 30, 2023 the Authority had right to use assets of \$36,436,160 with accumulated amortization of \$17,360,948. At June 30, 2022 the Authority had right to use assets of \$34,060,497 with accumulated amortization of \$13,178,191, as restated. The associated liabilities of the right to use assets were broken out into two categories current and noncurrent. As of June 30, 2023 the current and noncurrent SBITA liability was \$6,273,455 and \$11,350,884, respectively. At June 30, 2022 the current and noncurrent SBITA liability was \$5,555,863 and \$14,743,790, respectively.

The principal payments by division as of July 1, 2023 and thereafter is as follows:

Division	6/30/2024	6/30/2025	6/30/2026	6/30/2027	6/30/2028	6/30/2033
Homeownership	\$ 2,956,478	2,048,717	2,068,618	2,103,009	2,137,973	901,280
Operations	2,251,231	1,214,497	51,831	13,269	-	-
Rental Housing	1,065,746	704,245	107,445	-	-	-
Total	<u>\$ 6,273,455</u>	<u>3,967,459</u>	<u>2,227,894</u>	<u>2,116,278</u>	<u>2,137,973</u>	<u>901,280</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The associated interest by vendor as of July 1, 2023 and thereafter is as follows:

<u>Division</u>	<u>6/30/2024</u>	<u>6/30/2025</u>	<u>6/30/2026</u>	<u>6/30/2027</u>	<u>6/30/2028</u>	<u>6/30/2033</u>
Homeownership	\$ 180,787	137,282	103,382	68,991	34,027	3,721
Operations	99,388	38,333	1,581	84	-	-
Rental Housing	37,823	12,484	955	-	-	-
Total	\$ 317,998	188,099	105,918	69,075	34,027	3,721

(8) Leases

On July 1, 2018 the Authority entered into an agreement to lease an office building. The lease term is 5 years, with two options to renew at one year each. In June of 2022, the Authority reassessed the terms of the lease and decided to exercise the option to extend the lease agreement which will result in an increase to the lease liability. In February of 2023, the Authority exercised its right to renew the lease for an additional year. Annual rent expense for year ended June 30, 2023, is \$800,479. As of June 30, 2023, the book value of the leased asset is \$1,572,003 net of accumulated amortization of \$3,386,641 and excludes the effects of leasehold improvements. The carrying amount of leasehold improvements as of June 30, 2023 are \$7,516.

The principal payment obligations and associated interest related to the building lease commencing July 1, 2023 and thereafter are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 760,802	48,686	809,488
2025	808,970	20,756	829,726
2026	141,115	630	141,745
Total	\$ 1,710,887	70,072	1,780,959

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(9) Notes and Bonds Payable

Notes and bonds payable at June 30, 2022 and June 30, 2023 and changes for the year ended June 30, 2023 were as follows:

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate (rate of				
5.17% at June 30, 2023)				
termination date of December 1, 2026	\$ —	155,000	155,000	—
Federal Home Loan Bank				
varying fixed rate notes with 14 to 180-day maturities				
(average of 5.23% as of June 30, 2023 and				
1.28% at June 30, 2022), maturities range				
from July 05, 2023 to July 27, 2023	710,300	—	310,300	400,000
Total general operating				
accounts	\$ 710,300	155,000	465,300	400,000

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
Rental housing bond group:				
2012 Series D dated October 30, 2012, 4.15% effective interest rate, final due date October 1, 2042	\$ 121,810	—	5,760	116,050
2012 Series E dated November 2, 2013, 3.16% effective interest rate, final due date November 1, 2042	8,590	—	290	8,300
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	27,575	—	935	26,640
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	131,440	—	4,525	126,915
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	91,810	—	2,890	88,920
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	17,405	—	550	16,855
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	50,490	—	1,360	49,130
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	8,920	—	250	8,670
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,390	—	240	11,150
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	7,695	—	230	7,465
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	114,420	—	3,265	111,155
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	33,865	—	1,010	32,855
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	10,065	—	305	9,760
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	20,055	—	580	19,475
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	30,935	—	900	30,035
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	73,530	—	1,960	71,570

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	\$ 4,250	—	125	4,125
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	62,065	—	1,835	60,230
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,215	—	120	4,095
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	7,160	—	210	6,950
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	26,170	—	615	25,555
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,375	—	175	6,200
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,685	—	75	2,610
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	5,250	—	145	5,105
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	45,875	—	1,070	44,805
2018 Series A dated March 27, 2018, 3.62% effective interest rate, final due date March 1, 2053	32,340	—	690	31,650
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	26,270	—	525	25,745
2018 Series C dated August 28, 2018, 3.63% effective interest rate, final due date August 1, 2053	18,405	—	340	18,065
2018 Series D dated October 2, 2018, 3.79% effective interest rate, final due date October 1, 2053	71,105	—	1,325	69,780
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	42,090	—	7,610	34,480
2019 Series A dated March 26, 2019, 3.70% effective interest rate, final due date March 1, 2054	62,405	—	2,135	60,270
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	16,620	—	330	16,290

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	\$ 49,575	—	875	48,700
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	49,570	—	890	48,680
2019 Series E dated December 12, 2019 3.00% effective interest rate, final due date December 1, 2054	63,700	—	6,810	56,890
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	74,300	—	1,430	72,870
2020 Series B dated March 25, 2020 2.38% effective interest rate, final due date March 1, 2055	75,905	—	8,620	67,285
2020 Series C dated April 28, 2020 3.57% effective interest rate, final due date April 1, 2055	200,000	—	8,360	191,640
2020 Series D dated May 27, 2020 3.58% effective interest rate, final due date June 1, 2055	425,000	—	1,410	423,590
2020 Series E dated July 28, 2020 2.40% effective interest rate, final due date July 1, 2055	44,770	—	—	44,770
2020 Series F dated July 21, 2020 3.09% effective interest rate, final due date July 1, 2055	200,000	—	—	200,000
2020 Series G dated October 14, 2020 2.29% effective interest rate, final due date September 1, 2055	23,050	—	1,630	21,420
2020 Series H dated October 7, 2020 2.94% effective interest rate, final due date September 1, 2055	175,000	—	—	175,000
2020 Series I dated December 9, 2020 2.33% effective interest rate, final due date November 1, 2053	44,970	—	—	44,970
2020 Series J dated December 2, 2020 3.04% effective interest rate, final due date November 1, 2055	50,000	—	—	50,000
2021 Series A dated March 2, 2021 2.68% effective interest rate, final due date February 1, 2056	81,590	—	—	81,590
2021 Series B dated March 30, 2021 2.23% effective interest rate, final due date March 1, 2056	49,975	—	3,900	46,075
2021 Series C dated April 22, 2021 2.85% effective interest rate, final due date April 1, 2056	101,620	—	1,370	100,250
2021 Series D dated June 3, 2021 2.17% effective interest rate, final due date May 1, 2056	32,195	—	—	32,195
2021 Series E dated June 24, 2021 2.71% effective interest rate, final due date June 1, 2056	80,000	—	1,900	78,100

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
2021 Series F dated July 27, 2021 2.17% effective interest rate, final due date July 1, 2056	\$ 50,000	—	—	50,000
2021 Series G dated July 27, 2021 2.56% effective interest rate, final due date August 1, 2056	30,000	—	—	30,000
2021 Series H dated September 2, 2021 2.58% effective interest rate, final due date September 1, 2056	30,000	—	—	30,000
2021 Series I dated October 12, 2021 2.23% effective interest rate, final due date October 1, 2056	5,925	—	—	5,925
2021 Series J dated November 9, 2021 2.98% effective interest rate, final due date November 1, 2056	226,630	—	—	226,630
2021 Series K dated December 7, 2021 2.39% effective interest rate, final due date December 1, 2056	149,080	—	—	149,080
2022 Series A dated February 2, 2022 2.95% effective interest rate, final due date February 1, 2057	40,000	—	—	40,000
2022 Series B dated March 8, 2022 3.12% effective interest rate, final due date March 1, 2057	57,755	—	—	57,755
2022 Series C dated March 29, 2022 3.91% effective interest rate, final due date April 1, 2057	50,000	—	—	50,000
2022 Series D dated May 3, 2022 3.91% effective interest rate, final due date May 1, 2057	23,425	—	—	23,425
2022 Series E dated June 30, 2022 4.12% effective interest rate, final due date June 1, 2057	41,750	—	—	41,750
2022 Series F dated October 5, 2022 4.81% effective interest rate, final due date October 1, 2057	—	59,210	—	59,210
2022 Series G dated November 30, 2022 5.03% effective interest rate, final due date November 1, 2064	—	95,100	—	95,100
2023 Series A dated February 9, 2023 5.28% effective interest rate, final due date February 1, 2066	—	60,000	—	60,000
2023 Series B dated March 8, 2023 4.65% effective interest rate, final due date March 1, 2065	—	40,250	—	40,250
2023 Series C dated June 1, 2023 4.21% effective interest rate, final due date May 1, 2060	—	7,850	—	7,850
	<u>3,719,060</u>	<u>262,410</u>	<u>79,570</u>	<u>3,901,900</u>
Unamortized premium	(493)	-	(287)	(780)
Total rental housing bonds	<u>\$ 3,718,567</u>			<u>3,901,120</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
Commonwealth mortgage bonds group:				
2006 Series C, dated June 8, 2006, 6.38% effective interest rate, final due date June 25, 2034	\$ 5,259	—	689	4,570
2008 Series A, dated March 25, 2008, 6.13% effective interest rate, final due March 25, 2038	6,266	—	6,266	—
2008 Series B, dated April 10, 2008, 6.22% effective interest rate, final due date March 25, 2038	9,757	—	1,470	8,287
2008 Series C, dated November 18, 2008, 6.58% effective interest rate, final due date June 25, 2038	4,065	—	579	3,486
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	36,400	—	8,000	28,400
2012 Series B/C, dated December 20, 2012, 3.09% effective interest rate, final due date July 1, 2039	215,370	—	11,200	204,170
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	18,781	—	2,225	16,556
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	22,367	—	3,638	18,729
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	20,931	—	3,048	17,883
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	32,296	—	4,425	27,871

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2042	\$ 51,276	—	7,081	44,195
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	48,571	—	5,481	43,090
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	58,212	—	7,284	50,928
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	51,158	—	4,652	46,506
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	67,937	—	6,616	61,321
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	85,389	—	9,415	75,974
2021 Series A, dated August 17, 2021, 2.13% effective interest rate, final due date July 25, 2051	143,911	—	9,728	134,183
2022 Series A, dated February 1, 2022, 2.88% effective interest rate, final due date February 25, 2052	41,048	—	1,896	39,152
	<u>918,994</u>	<u>—</u>	<u>93,693</u>	<u>825,301</u>
Unamortized premium	(396)	-	107	(289)
Total commonwealth mortgage bonds group	<u>\$ 918,598</u>			<u>825,012</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
		(Amounts shown in thousands)		
Homeownership mortgage bonds group:				
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	\$ 42,634	—	5,051	37,583
Total homeownership mortgage bonds group	42,634	—	5,051	37,583
Total	\$ 5,390,099			5,163,715

Notes and bonds payable at June 30, 2022 and June 30, 2023 and changes for the year ended June 30, 2023 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023	Due within one year
Notes from direct borrowings	\$ 710,300	155,000	465,300	400,000	400,000
Rental housing bonds group	3,718,567	262,410	79,857	3,901,120	85,750
Commonwealth mortgage bonds group	918,598	-	93,586	825,012	40,770
Homeownership mortgage bonds group	42,634	-	5,051	37,583	1,471
Total	\$ 5,390,099	417,410	643,794	5,163,715	527,991

Notes and bonds payable at June 30, 2021 and June 30, 2022 and changes for the year ended June 30, 2022 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2021	Increases	Decreases	Balance at June 30, 2022	Due within one year
Notes from direct borrowings	\$ 710,300	105,000	105,000	710,300	710,300
Rental housing bonds group	3,340,043	704,565	326,041	3,718,567	63,380
Commonwealth mortgage bonds group	964,300	192,783	238,485	918,598	41,503
Homeownership mortgage bonds group	54,241	-	11,607	42,634	1,566
Total	\$ 5,068,884	1,002,348	681,133	5,390,099	816,749

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Current and noncurrent amounts of notes and bonds payable at June 30, 2023 and 2022 were as follows:

	June 30	
	2023	2022
Notes and bonds payable - current	\$ 527,991,788	816,748,847
Bonds payable - noncurrent	4,635,722,972	4,573,350,313
Total	\$ 5,163,714,760	5,390,099,160

From time to time, the Authority has participated in refunding, in which new debt is issued and the proceeds are used to redeem, generally within ninety days, previously issued debt. Related discounts or premiums previously deferred are recognized in income or expense, respectively. There were no refundings during the years ended June 30, 2023 and 2022. The Authority had redemptions of \$16,190,000 and \$337,420,000 during the years ended June 30, 2023 and 2022, respectively.

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing July 1, 2023 and thereafter are as follows:

Year ending June 30	Bonds		Direct Placements & Direct Borrowings		Total debt service
	Outstanding principal	Current interest	Outstanding principal	Current interest	
2024	\$ 120,321,788	141,935,347	407,670,000	29,316,227	699,243,362
2025	124,370,000	139,263,549	7,930,000	8,083,470	279,647,019
2026	104,470,000	137,039,762	8,210,000	7,770,205	257,489,967
2027	121,935,000	134,301,378	8,490,000	7,445,936	272,172,314
2028	105,685,000	131,479,886	8,780,000	7,110,661	253,055,547
2029-2033	547,690,000	613,929,496	48,670,000	30,102,429	1,240,391,925
2034-2038	629,707,587	525,511,469	57,680,000	19,794,889	1,232,693,945
2039-2043	789,735,009	409,169,040	68,405,000	7,568,934	1,274,877,983
2044-2048	743,605,540	266,531,093	-	-	1,010,136,633
2049-2053	879,679,641	142,035,299	-	-	1,021,714,940
2054-2058	328,325,000	29,579,991	-	-	357,904,991
2059-2063	33,850,000	6,268,755	-	-	40,118,755
2064-2068	19,575,000	1,173,434	-	-	20,748,434
Total	\$ 4,548,949,565	2,678,218,499	615,835,000	117,192,751	7,960,195,815

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The principal payment obligations related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing July 1, 2023 and thereafter are as follows:

Year ending June 30	General fund notes	Rental housing bonds	Rental housing bonds direct placement	Commonwealth mortgage bonds	Homeownership mortgage bonds	Total principal
2024	\$ 400,000,000	78,080,000	7,670,000	40,770,451	1,471,337	527,991,788
2025	-	104,970,000	7,930,000	19,400,000	-	132,300,000
2026	-	88,370,000	8,210,000	16,100,000	-	112,680,000
2027	-	105,665,000	8,490,000	16,270,000	-	130,425,000
2028	-	89,485,000	8,780,000	16,200,000	-	114,465,000
2029-2033	-	477,690,000	48,670,000	70,000,000	-	596,360,000
2034-2038	-	552,135,000	57,680,000	77,572,587	-	687,387,587
2039-2043	-	594,215,000	68,405,000	159,407,979	36,112,030	858,140,009
2044-2048	-	609,320,000	-	134,285,540	-	743,605,540
2049-2053	-	604,385,000	-	275,294,641	-	879,679,641
2054-2058	-	328,325,000	-	-	-	328,325,000
2059-2063	-	33,850,000	-	-	-	33,850,000
2064-2068	-	19,575,000	-	-	-	19,575,000
Total	\$ 400,000,000	3,686,065,000	215,835,000	825,301,198	37,583,367	5,164,784,565

The associated interest related to all note and bond indebtedness commencing July 1, 2023 and thereafter are as follows:

Year ending June 30	General fund interest	Rental housing interest	Rental housing bonds direct placement	Commonwealth interest	Homeownership interest	Total interest
2024	\$ 20,930,000	115,362,997	8,386,227	25,347,039	1,225,311	171,251,574
2025	-	114,088,408	8,083,470	24,001,500	1,173,641	147,347,019
2026	-	112,367,558	7,770,205	23,498,563	1,173,641	144,809,967
2027	-	110,136,134	7,445,935	22,991,604	1,173,641	141,747,314
2028	-	107,722,202	7,110,661	22,584,043	1,173,641	138,590,547
2029-2033	-	502,047,452	30,102,429	106,013,839	5,868,205	644,031,925
2034-2038	-	424,617,054	19,794,889	95,026,210	5,868,205	545,306,358
2039-2043	-	329,146,202	7,568,935	75,054,423	4,968,414	416,737,974
2044-2048	-	223,259,858	-	43,271,235	-	266,531,093
2049-2053	-	122,560,615	-	19,474,684	-	142,035,299
2054-2058	-	29,579,991	-	-	-	29,579,991
2059-2063	-	6,268,755	-	-	-	6,268,755
2064-2068	-	1,173,434	-	-	-	1,173,434
Total	\$ 20,930,000	2,198,330,660	96,262,751	457,263,140	22,624,699	2,795,411,250

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The Authority has bonds outstanding under three general bond resolutions. All are general obligation bonds backed by the full faith and credit of the Authority. Interest and principal payments are secured by a pledge of the assets and revenues pledged to the bond resolution under which the bonds are issued, to the extent provided for in such resolution. The direct placement bonds are general obligation bonds which are secured on parity with other outstanding bonds from the same bond resolution, and there are no terms of the indentures that are unique to those placements.

The assets and revenues pledged to each bond resolution secure only the bonds issued under that resolution. For each resolution, assets and revenues in excess of the liability to bondholders is available to support the general obligations of the Authority. The Authority has the option to redeem various bonds pursuant the terms of each bond issue. The redemptions generally cannot be exercised without condition until the bonds have been outstanding for nine years or more, as fully described in various bond documents. Further discussion of the resolutions is in Note 2.

Direct borrowings include an uncollateralized revolving credit agreement with the Bank of America and a credit agreement with the Federal Home Loan Bank (FHLB) of Atlanta.

The Authority entered into a \$100 million revolving credit agreement on December 1, 2015 with the Bank of America to provide funds for general corporate purposes specifying a scheduled expiration date after one year, which may be extended from time to time but in no event later than December 1, 2025. The revolving credit agreement was amended on October 31, 2018 to specify the next scheduled expiration date as December 1, 2019. On January 1, 2020 the line of credit was increased to \$150.0 million. The revolving credit agreement was amended on April 1, 2020 to increase the line of credit to \$250.0 million. On October 30, 2020 the agreement was amended to update the facility fee rate and scheduled expiration date. Under the terms of this agreement, interest on any advances is charged at a rate equal to the daily floating BSBY rate for deposits with one month maturity plus a margin ranging from 30 to 105 basis points per annum based upon the Authority's long-term credit ratings. On October 28, 2021 the agreement was amended to update the applicable margin, facility fee rate and define a new expiration date. Under the terms of this agreement, applicable margin and facility fee will range from 75 to 110 basis points and 22.5 to 27.5 respectively, per annum based upon the Authority's long term credit ratings. As of June 30, 2022, the borrowing rate was 1.60%; however, there was no outstanding balance as of June 30, 2023. The Authority is in compliance with all debt covenant requirements.

The Authority maintains a \$1.3 billion credit agreement with the FHLB of Atlanta, whereby FHLB of Atlanta may advance funds that are secured by cash, mortgage loans and government agency securities held in FHLB of Atlanta as collateral. As of June 30, 2023, there was \$452.9 million in mortgage backed securities pledged to FHLB Atlanta. As of June 30, 2022, there was \$787.9 million in mortgage backed securities pledged to FHLB Atlanta. Interest on any advance can be charged either under a floating daily rate or a fixed rate with a stated maturity not to exceed either one year for daily rate or twenty years for fixed rate loans. As of June 30, 2023 there were four 30 day fixed rate borrowings: one for a total of \$100.0 million at 5.19%, one for a total of \$100.0 million at 5.21%, one for a total of \$100.0 million at 5.24% and one for a total of \$100.0 million at 5.29%. The Authority is in compliance with all debt covenant requirements. At June 30, 2023 and 2022, there was \$400.0 million outstanding.

(10) Loan Participation Payable to Federal Financing Bank

On March 23, 2015, the Authority was designated as a "qualified Housing Finance Agency" under the Risk-Sharing Act and entered into a Risk-Sharing Agreement with HUD. In conjunction with the Risk-Sharing Agreement, the Authority elected to participate in a program offered by the Federal Financing Bank (FFB) for the financing of rental housing mortgage loans. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase any obligation that is fully guaranteed by another federal agency. To the extent that FFB proceeds are utilized to finance certain mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bond Group other than on a temporary basis prior to such FFB financing. In

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

February 2016, the Authority executed the necessary agreements to allow the Authority to participate in such FFB financing.

Under the program established by the Risk-Sharing Act (the "Risk-Sharing Program"), the Authority retains underwriting, mortgage loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, HUD agrees to make an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments that passes through the Authority to FFB. After a period during which the Authority may work toward curing the default, foreclosing the mortgage, or reselling the related project, any losses are calculated and apportioned between the Authority and HUD according to a specified risk-sharing percentage determined at the time of its endorsement for insurance. At its issuance, the Authority may choose a risk percentage ranging from 50% to 90%, which in turn determines its reimbursement obligation to HUD. During the intervening period prior to the final loss settlement, the Authority is obligated to pay interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of the initial claim payment.

For each rental housing mortgage loan to be financed by the FFB, the Authority will sell to the FFB a certificate representing a participation interest in the rental housing mortgage loan consisting of all principal payments due thereon and all interest payments due thereon, whereby the rate to FFB will be less than the mortgage loan interest rate. The participation proceeds from the FFB are recorded as a debt obligation payable to the FFB.

Under these agreements, the Authority will retain responsibility for originating, closing and servicing the rental housing mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority will remit the balance of each mortgage payment to U.S. Bank, N.A. ("Custodian"). The Custodian will fund any required account and pay the amounts due to the FFB, deduct their fees, then remit any amount remaining to the Authority as servicing fees.

Under the terms of the agreements in the Risk-Sharing Program, the Authority has sold certificates representing the beneficial interest in the following mortgage loans to FFB:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

Description	Balance at June 30, 2022	Issued	Retired	Balance at June 30, 2023
Participation Certificates Outstanding:				
Colonnade at Rocktown - Note rate of 4.68%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.45%				
Maturity date of May 1, 2047	\$ 2,744,589	—	59,595	2,684,994
Wilsondale II - Note rate of 4.47%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.12%				
Maturity date of July 1, 2047	7,119,941	—	157,531	6,962,410
Baker Woods - Note rate of 3.91%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.89%				
Maturity date of December 1, 2052	5,231,730	—	90,998	5,140,732
Twin Canal Village - Note rate of 3.82%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.18%				
Maturity date of April 1, 2043	6,489,274	—	207,894	6,281,380
Treesdale - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	3,505,695	—	73,799	3,431,896
Landing at Weyers Cove - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	2,305,525	—	48,534	2,256,991
Belle Hall - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	4,210,652	—	93,027	4,117,625
Campostella Commons - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	3,217,127	—	71,077	3,146,050
Total participation certificates payable	\$ 34,824,533	—	802,455	34,022,078

(11) Escrows and Project Reserves

Escrows and project reserves represent amounts held by the Authority as escrows for insurance, real estate taxes and completion assurance, and as reserves for replacement and operations (Note 17). The Authority invests these funds and, for project reserves, allows earnings to accrue to the benefit of the mortgagor.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

At June 30, 2023 and 2022, these escrows and project reserves were presented in the Authority's Statements of Net Position as follows:

	June 30	
	2023	2022
Escrow - current	\$ 30,571,911	29,578,957
Project reserves - noncurrent	113,844,901	105,053,442
Total	\$ 144,416,812	134,632,399

(12) Derivative Instruments

The Authority enters into forward sales contracts for the delivery of GNMA and FNMA securities in order to lock in the sales price for the securitization of certain homeownership mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA and FNMA securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative gains or losses on the Statements of Revenues, Expenses, and Changes in Net Position. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivatives are classified as Level 2 in the fair value hierarchy.

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2023 were as follows:

Counterparty rating	Count	Par	Concentration	Notional amount	Fair value	Fair value asset (liability)
A-1+/AA+	3	\$ 29,000,000	11.0%	\$ 29,460,313	\$ 29,345,625	\$ 114,688
A-1/A+	18	66,700,000	25.4%	67,307,703	67,200,234	107,469
A-1/A+	15	60,600,000	23.0%	61,276,418	61,086,625	189,793
A-1/A+	8	56,000,000	21.3%	56,674,844	56,477,188	197,656
A-1/A+	9	37,500,000	14.3%	38,070,000	38,042,266	27,734
A-2/BBB+	2	9,000,000	3.4%	9,142,344	9,108,125	34,219
A-2/BBB+	1	4,200,000	1.6%	4,240,851	4,234,781	6,070
	56	\$ 263,000,000	100.0%	\$ 266,172,473	\$ 265,494,844	\$ 677,629

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2022, were as follows:

Counterparty rating	Count	Par	Concentration	Notional amount	Fair value	Fair value asset (liability)
A-1+/AA+	8	\$ 29,000,000	6.0%	\$ 28,941,250	\$ 28,631,094	\$ 310,156
A-1/A+	32	209,578,692	43.1%	206,882,467	204,911,814	1,970,653
A-1/A+	17	122,900,000	25.3%	121,596,043	120,191,625	1,404,418
A-2/BBB+	9	96,000,000	19.8%	92,780,840	91,356,641	1,424,199
A-2/BBB+	12	28,257,973	5.8%	28,115,205	27,888,129	227,076
	78	\$ 485,736,665	100.0%	\$ 478,315,805	\$ 472,979,303	\$ 5,336,502

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(13) Investment Income and Arbitrage Liabilities

The amount of investment income the Authority may earn with respect to certain tax-exempt bond issues in the Commonwealth Mortgage Bond Group, Homeownership Bond Group, and Rental Housing Bond Group, is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are recorded in accounts payable and other liabilities. No rebates were paid and no rebate liability existed as of June 30, 2023 and 2022.

(14) Net Position

Net investment in capital assets represents property, furniture, and equipment, and vehicles, less the current outstanding applicable debt. Restricted net position represents those portions of the total net position in trust accounts established by the various bond resolutions for the benefit of the respective bond owners. Restricted net position is generally mortgage loans and funds held for placement into mortgage loans, investments, and funds held for scheduled debt service. At the bond resolution level, assets can be released from restriction by bond indentures at any time, subject to the revenue test that requires the assets and future income stream generated by those restricted assets be greater than the funds needed to cover scheduled debt service.

Unrestricted net position represents those portions of the total net position set aside for current utilization and tentative plans for future utilization of such net position. As of June 30, 2023 and 2022, such plans included funds to be available for other loans and loan commitments; over commitments and over allocations in the various bond issues; support funds and contributions to bond issues; support for REACH Virginia initiatives and tenant-based housing assistance payments; and working capital and future operating and capital expenditures. Additional unrestricted net position commitments include maintenance of the Authority's obligation with regard to the general obligation pledge on its bonds; contributions to future bond issues other than those scheduled during the next year; coverage on uninsured assets; unsubsidized rental housing conventional loan program; and any unanticipated losses in connection with the uninsured portions of the balance of the homeownership and rental housing loans; coverage on the liability exposure of commissioners and officers; the cost of holding foreclosed property prior to resale; costs incurred with the redemption of bonds; homeownership loan prepayment shortfalls; and other risks and contingencies.

(15) Employee Benefits Plans

The Authority incurs employment retirement savings expenses under two defined contribution plans equal to between 8% and 11% of full-time employees' compensation. Total retirement savings expense for the year ended June 30, 2023 and 2022 was \$5,864,356 and \$5,205,447, respectively.

The Authority sponsors a deferred compensation plan available to all employees created in accordance with Internal Revenue Section 457(b). The Plan permits participants to defer a portion of their salary or wages until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the Plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the Authority's basic financial statements.

As of June 30, 2023 and 2022, included in other liabilities is an employee compensated absences accrual of \$6,665,265 and \$6,340,847, respectively (Note 17).

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(16) Other Postemployment Benefits

(a) Retiree Healthcare Plan Description (the Plan)

Beginning with the year ended June 30, 2018, the Authority applied the provisions of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan established January 1, 2006 to provide post-employment reimbursement of eligible medical, dental and vision expenses to current and eligible future retirees and their spouses in accordance with the terms of the Plan.

The Authority serves as Plan Administrator for the Plan. Pursuant to a resolution of the Board of Commissioners of the Authority, the Executive Director of the Authority authorized and empowered the Retiree Health Care Plan Oversight Committee (Oversight Committee), a committee made up of five members of management, to carry out the duties and responsibilities as Plan Administrator for the Plan.

Plan assets are administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust, (the Trust), an irrevocable trust to be used solely for providing benefits to eligible participants in the Plan. Assets of the Trust are irrevocable, legally protected from creditors, and are dedicated to providing post-employment reimbursement of eligible medical, dental and vision expenses to current and eligible future retirees and their spouses, in accordance with the terms of the Plan.

At its sole discretion, the Authority retains the right to amend the Plan at any time and from time to time with respect to benefits, funding, contributions and permanency. The Authority reserves the right to discontinue or terminate its funding of the Plan at any time without prejudice, provided that the decision to terminate funding of the Plan is effected by a written resolution adopted by a majority of the Board of Commissions of the Authority. There is a standalone report that can be made available by contacting the Authority.

At January 1, 2023, participants in the Plan consisted of the following:

Active employees	484
Inactive plan members (retirees) receiving benefits	<u>58</u>
Total Participants	<u>542</u>

Effective January 1, 2006, eligible retirees must be at least 55 years of age with 15 years of service, (or at least 55 years of age with 10 years of service if employed by the Authority prior to such date). Plan participants receive an annual benefit based on age and years of service at retirement and based on a matrix, updated annually for cost of living plus 2.0% not to exceed 150.0% of the annual premium for the preferred provider organization medical plan offered that year by the Authority if the participant is under age 65 or not to exceed 75.0% of the annual premium if the participant is age 65 or over. The annual benefit may be used to pay for health insurance purchased through the Authority's group plan or elsewhere, and for other eligible medical, dental and vision expenses. The Authority pays benefits as incurred throughout the year, and the Plan reimburses the Authority for the benefits paid annually.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(b) Contributions

Plan documents note that all benefits under the Plan shall be funded by the Authority. No contributions may be made to the Plan by participants in the Plan. The Authority establishes contribution rates based on the actuarially determined contribution rate. The Authority supplements the actuarially determined rate by ensuring the Plan is additionally funded based on a percentage of budgeted payroll plus administrative fees incurred by the Plan. The Authority pays benefits and administrative fees on behalf of the Plan on an annual basis. The contribution rates range between 5.0% to 6.0% of covered payroll. For the years ended December 31, 2022 and December 31, 2021, the Authority's contributions to the Plan were \$2,958,503 and \$2,279,584, respectively. At June 30, 2023 and June 30, 2022, the Authority reported no outstanding amount of contributions to the Plan required for the years ended December 31, 2022 and December 31, 2021.

(c) OPEB Liability, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to the Retiree Healthcare Plan

For the years ended June 30, 2023 and June 30, 2022, the Authority recognized OPEB expense of \$2,748,750 and \$420,865, respectively. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

Year ending June 30, 2023	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 6,130,868	941,509
Net difference between projected and actual earnings on OPEB Plan investments	3,213,143	-
Change in assumptions	1,914,127	586,871
Total	<u>\$ 11,258,138</u>	<u>1,528,380</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

At June 30, 2022, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

Year ending June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,868,575	124,609
Net difference between projected and actual earnings on OPEB Plan investments	-	5,757,970
Change in assumptions	1,911,020	665,047
Total	<u>\$ 8,779,595</u>	<u>6,547,626</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 will be recognized in OPEB expense as follows:

Year ended June 30, 2023	
2024	\$ 656,913
2025	1,559,718
2026	1,835,025
2027	2,751,231
2028	897,436
Thereafter	<u>2,029,435</u>
	<u>\$ 9,729,758</u>

As of June 30, 2022 the amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30, 2022	
2023	\$ (614,204)
2024	(1,152,581)
2025	(249,776)
2026	25,531
2027	941,735
Thereafter	<u>3,281,264</u>
	<u>\$ 2,231,969</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(d) Actuarial Assumptions

The Authority's net OPEB liability (asset) was measured as of December 31, 2022 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2023		
Actuarial Cost Method	Entry-Age Normal percentage of Salary		
Amortization Method	Level Percentage of Pay, Open		
Amortization Period	20 years		
Asset Valuation Method	Market Value		
Actuarial Assumptions			
Inflation Rate	2.5 percent, per annum		
Investment rate of return	5.5 percent, per annum		
Projected Salary Increases	3.5 percent, per annum		
Healthcare cost trend rates	6.25 percent in 2023 grading down to 5.20 percent over 2 years and following the Getzen model thereafter to an ultimate rate of 3.94 percent in the year 2075 the Retiree Credit Matrix will increase at 5.00 percent, per annum.		
Participation rate	95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.		
Marital Status	Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.		
Medical Claims Cost	The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.		
		Age 65 Cost	Age 65 Cost
		Male	Female
	Retiree/Spouse:	\$23,169	\$21,107
Age Variance	Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.		

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2022	
Actuarial Cost Method	Entry-Age Normal percentage of Salary	
Amortization Method	Level Percentage of Pay, Open	
Amortization Period	20 years	
Asset Valuation Method	Market Value	
Actuarial Assumptions		
Inflation Rate	2.5 percent, per annum	
Investment rate of return	5.5 percent, per annum	
Projected Salary Increases	3.5 percent, per annum	
Healthcare cost trend rates	6.00 percent in 2022 grading uniformly to 5.50 percent over 2 years and following the 2021 Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075; the Retiree Credit Matrix will increase at 5.00 percent, per annum.	
Participation rate	95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.	
Marital Status	Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.	
Medical Claims Cost	The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.	
	Age 65 Cost	Age 65 Cost
	Male	Female
	Retiree/Spouse:	Retiree/Spouse:
	\$22,024	\$20,064
Age Variance	Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.	

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

The assumptions were updated in the January 1, 2023 valuation to reflect the following changes:

The medical trend was updated to 6.25% in 2023 grading down to 5.20% over 2 years and following the Getzen model thereafter to an ultimate trend of 3.94% in 2075.

(e) Net OPEB Liability (Asset) at June 30, 2023 and June 30, 2022

The net OPEB asset (NOA) represents the total OPEB liability determined in accordance with GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, less the associated fiduciary net position. The NOA is reported on the Authority's statements of net position as an other non-current asset.

As of June 30, 2023, the NOA amounts are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balances at December 31, 2021	\$ 45,708,813	53,500,152	(7,791,339)
Changes for the year:			
Service cost	1,868,469	-	1,868,469
Interest	2,567,248	-	2,567,248
Differences between expected and actual experience	(907,474)	-	(907,474)
Change of assumptions	331,586	-	331,586
Contributions - employer	-	2,958,503	(2,958,503)
Net investment income	-	(6,208,512)	6,208,512
Benefit (payments)/refunds	(900,052)	(900,052)	-
Administrative expenses	-	(178,198)	178,198
Net Changes	2,959,777	(4,328,259)	7,288,036
Balances at December 31, 2022	\$ 48,668,590	49,171,893	(503,303)

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

As of June 30, 2022, the NOA amounts are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Asset
Balances at December 31, 2020	\$ 41,447,130	44,962,578	(3,515,448)
Changes for the year:			
Service cost	1,617,167	-	1,617,167
Interest	2,324,671	-	2,324,671
Changes of benefit terms	-	-	-
Differences between expected and actual experience	974,668	-	974,668
Change of assumptions	142,726	-	142,726
Contributions - employer	-	2,279,584	(2,279,584)
Net investment income	-	7,153,202	(7,153,202)
Benefit (payments)/refunds	(797,549)	(797,549)	-
Administrative expenses	-	(97,663)	97,663
Net Changes	4,261,683	8,537,574	(4,275,891)
Balances at December 31, 2021	\$ 45,708,813	53,500,152	(7,791,339)

(f) Long-Term Expected Rate of Return

The long-term expected returns were determined using the arithmetic mean after investment expenses on best-estimate ranges of expected future rates of returns from various investment firms, historical market returns and internal estimates. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Allocation Target Range</u>	<u>Long-Term Expected Rate of Return</u>
U.S. Fixed Income (includes cash and cash equivalents)	25% to 70%	4.00%
U.S. Equity	30% to 75%	6.70%
Foreign Equity	0% to 15%	4.80%

(g) Discount Rate

The discount rate used to measure the total OPEB liability was 5.5% as of December 31, 2022 and 2021. The projections of cash flows used to determine the discount rate assumed the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active retirees. Therefore, the long term expected rate of return on the Plan's investments was applied to all future periods of projected benefit payments to determine the total OPEB liability

(h) Sensitivity of the Authority's Net OPEB Liability (Asset) to Changes in the Discount Rate

The following represents the net OPEB liability (asset) of the Authority as of June 30, 2023, calculated using the stated discount rate assumption, as well as what the Authority's net OPEB (asset) liability

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

would be if it were calculated using a discount rate that is 1 percentage-point lower (4.5%) or 1 percentage-point higher (6.5%) than the current discount rate:

Year ending December 31, 2022	1% Decrease	Current	1% Increase
	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ 7,382,088	(503,303)	(6,877,378)

As of June 30, 2022, the net OPEB liability (asset) of the Authority is as follows:

Year ending December 31, 2021	1% Decrease	Current	1% Increase
	4.50%	5.50%	6.50%
Net OPEB liability (asset)	\$ (419,429)	(7,791,339)	(13,751,182)

(i) Sensitivity of the Authority's Net OPEB Liability (Asset) to Changes in the Health Care Trend Rate

The following represents the June 30, 2023 net OPEB liability (asset) of the Authority, calculated using the stated health care cost trend assumption, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a health care cost trend that is 1 percentage-point lower or 1 percentage-point higher than the current health care cost trend rates:

Year ending December 31, 2022	1% Decrease	Current	1% Increase
	5.25%	6.25%	7.25%
	decreasing to 4.20% over 2 years	decreasing to 5.20% over 2 years	decreasing to 6.20% over 2 years
Net OPEB liability (asset)	\$ (7,371,804)	(503,303)	8,117,985

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

As of June 30, 2022, sensitivity of the Authority's Net OPEB liability (asset) to changes in health care trends are as follows:

Year ending December 31, 2021	1% Decrease	Current	1% Increase
	5.00% decreasing to 4.50% over 2 years	6.00% decreasing to 5.50% over 2 years	7.00% decreasing to 6.50% over 2 years
Net OPEB liability (asset)	\$ (14,207,170)	(7,791,339)	261,139

(17) Other Long-Term Liabilities

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2023 was as follows:

	Balance at June 30, 2022 (as restated)	Additions	Decreases	Balance at June 30, 2023
Project reserves	\$ 105,053,442	57,934,203	49,142,744	113,844,901
Other liabilities	16,584,799	584,579	4,906,870	12,262,508
Compensated absences payable	6,340,847	5,416,133	5,091,715	6,665,265
	<u>\$ 127,979,088</u>	<u>63,934,915</u>	<u>59,141,329</u>	<u>132,772,674</u>

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2022 was as follows:

	Balance at June 30, 2021	Additions	Decreases	Balance at June 30, 2022 (as restated)
Project reserves	\$ 112,923,300	23,323,580	31,193,438	105,053,442
Other liabilities	20,140,171	4,075,057	7,630,429	16,584,799
Compensated absences payable	5,906,027	4,827,745	4,392,925	6,340,847
	<u>\$ 138,969,498</u>	<u>32,226,382</u>	<u>43,216,792</u>	<u>127,979,088</u>

(18) Troubled Debt Restructuring

Restructuring a debt constitutes a troubled debt restructuring if the creditor for economic or legal reasons related to the debtor's financial difficulties grants a concession to the debtor that it would not otherwise consider. The Authority makes every effort to work with borrowers and grants concessions to debtors if the probability of payment from the debtor increases. As of June 30, 2023 and 2022, the Authority has granted

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

the following concessions to debtors, which are considered troubled debt restructurings. There are no commitments to lend additional resources to debtors who had a troubled debt restructuring.

<u>Homeownership loans</u>	<u>Year ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Aggregated recorded balance	\$ 246,161,375	149,357,828
Number of loans	1,789	1,168
Gross interest revenue if loans had been current	8,677,821	5,002,136
Interest revenue included in changes in net position	7,543,275	4,241,494

<u>Rental housing loans</u>	<u>Year ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Aggregated recorded balance	\$ 10,381,051	10,401,504
Number of loans	11	10
Gross interest revenue if loans had been current	879,675	882,118
Interest revenue included in changes in net position	339,969	348,655

(19) Contingencies and Other Matters

Certain claims, suits, and complaints arising in the ordinary course of business have been filed and are pending against the Authority. In the opinion of management, all such matters are adequately covered by insurance or, if not so covered, are without merit or are of such kind or involve such amounts as would not have a material adverse effect on the basic financial statements of the Authority.

The Authority participates in several Federal financial assistance programs, principal of which are the HUD loan guarantee programs. Although the Authority's administration of Federal grant programs has been audited in accordance with the provisions of the United States Office of Management and Budget Uniform Guidance, these programs are still subject to financial and compliance audits. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such amounts, if any, to be material in relation to its basic financial statements.

The Authority is exposed to various risks of loss such as theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Authority carries commercial insurance for these risks. There have been no significant reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

June 30, 2023 and 2022

(20) Subsequent Events

In addition to scheduled issuances and redemptions, the Authority made issuances and redemptions of notes and bonds payable subsequent to June 30, 2023, as follows:

	<u>Settlement/ Redemption date</u>		<u>Amount</u>
Issues:			
Rental Housing Bond 2023 Series D Non-AMT	7/11/2023	\$	110,895,000
Redemptions:			
Rental Housing Bond 2020 Series B Non-AMT	10/2/2023	\$	1,700,000

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Required Supplementary Information
Retiree Healthcare Plan
Schedule of Changes in Net OPEB (Asset) Liability and
Related Ratios
(unaudited)
Last 6 Calendar Years

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 1,868,469	1,617,167	1,554,370	1,045,841	984,232	675,928
Interest	2,567,248	2,324,671	2,160,751	1,753,636	1,608,746	1,419,341
Differences between expected and actual experience	(907,474)	974,668	5,059,834	1,262,503	1,320,653	(228,449)
Changes of assumptions	331,586	142,726	(237,815)	(641,942)	370,909	2,830,950
Benefit payments	(900,052)	(797,549)	(727,928)	(640,795)	(630,078)	(519,345)
Net change in Total OPEB Liability	2,959,777	4,261,683	7,809,212	2,779,243	3,654,462	4,178,425
Total OPEB Liability - beginning	45,708,813	41,447,130	33,637,918	30,858,675	27,204,213	23,025,788
Total OPEB Liability - ending	\$ 48,668,590	45,708,813	41,447,130	33,637,918	30,858,675	27,204,213
Plan Fiduciary Net Position						
Contributions - employer	\$ 2,958,503	2,279,584	2,168,014	2,111,960	1,952,210	1,758,037
Net investment income	(6,208,512)	7,153,202	3,649,755	6,362,793	(865,732)	3,717,204
Benefit payments	(900,052)	(797,549)	(727,928)	(640,795)	(630,078)	(519,345)
Administrative expenses	(178,198)	(97,663)	(127,067)	(172,177)	(186,925)	(117,278)
Net change in Plan Fiduciary Net Position	(4,328,259)	8,537,574	4,962,774	7,661,781	269,475	4,838,618
Plan Fiduciary Net Position - beginning	53,500,152	44,962,578	39,999,804	32,338,023	32,068,548	27,229,930
Plan Fiduciary Net Position - ending	\$ 49,171,893	53,500,152	44,962,578	39,999,804	32,338,023	32,068,548
Net OPEB Liability (Asset) - ending	(503,303)	(7,791,339)	(3,515,448)	(6,361,886)	(1,479,348)	(4,864,335)
Plan Fiduciary Net Position as a % of the Total OPEB Liability	101.0%	117.0%	108.5%	118.9%	104.8%	117.9%
Covered-employee payroll	\$ 52,161,378	46,693,627	42,735,350	41,987,414	37,467,939	33,966,194
Net OPEB Liability as a % of covered-employee payroll	-1.0%	-16.7%	-8.2%	-15.2%	-3.9%	-14.3%

See accompanying independent auditors' report.

(1) This schedule should present 10 years of data; however, the information prior to 2017 is not readily available.

(2) There were no changes in benefit terms for years ended 2022 through 2017.

(3) Assumptions for year ended 2022 through 2017 were updated to reflect changes in the mortality rates, medical trends, and aging assumptions.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Required Supplementary Information

Retiree Healthcare Plan

Schedule of Contributions

(unaudited)

Last 6 Calendar Years

	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	\$ 1,415,861	-	1,310,144	555,921	890,416	297,975
Contributions in relation to the actuarially determined contribution	<u>2,958,503</u>	<u>2,279,584</u>	<u>2,168,014</u>	<u>2,111,960</u>	<u>1,952,210</u>	<u>1,758,037</u>
Contribution deficiency (excess)	<u>\$ (1,542,642)</u>	<u>(2,279,584)</u>	<u>(857,870)</u>	<u>(1,556,039)</u>	<u>(1,061,794)</u>	<u>(1,460,062)</u>
Covered-employee payroll	\$ 52,161,378	46,693,627	42,735,350	41,987,414	37,467,939	33,966,194
Contributions as a % of covered-employee payroll	5.7%	4.9%	5.1%	5.0%	5.2%	5.2%

See accompanying independent auditors' report.

(1) This schedule should present 10 years of data; however, the information prior to 2017 is not readily available.

(2) Contributions made to the Plan in 2022 to 2017 were in excess of the actuarial annual required contributions.

(3) The actuarial contribution rate is determined based on the same assumptions as the actuarial liability with a valuation date as of January 1, 2023 using the following actuarial assumptions as discussed in Note 15:

Valuation Date	January 1, 2023	
Actuarial Cost Method	Entry-Age Normal percentage of Salary	
Amortization Method	Level Percentage of Pay, Open	
Amortization Period	20 years	
Asset Valuation Method	Market Value	
Actuarial Assumptions		
Inflation Rate	2.5 percent, per annum	
Investment rate of return	5.5 percent, per annum	
Projected Salary Increases	3.5 percent, per annum	
Healthcare cost trend rates	6.25 percent in 2023 grading down to 5.20 percent over 2 years and following the Getzen model thereafter to an ultimate rate of 3.94 percent in the year 2075 the Retiree Credit Matrix will increase at 5.00 percent, per annum.	
Participation rate	95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.	
Marital Status	Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.	
Medical Claims Cost	The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.	
	Age 65 Cost	Age 65 Cost
	Male	Female
Retiree/Spouse:	\$23,169	\$21,107
Age Variance	Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.	

Schedule 3

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Net Position

June 30, 2023

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 227,575,473	885,465,398	277,207,159	32,745,847	1,422,993,877
Investments	29,447,400	-	-	-	29,447,400
Interest receivable – investments	2,459,646	5,633,458	2,869,342	188,495	11,150,941
Derivative instruments	-	-	677,629	-	677,629
Mortgage loans held for sale	-	-	178,361,111	-	178,361,111
Mortgage and other loans receivable, net	9,542,442	105,327,034	67,986,470	4,123,924	186,979,870
Interest receivable – mortgage and other loans	939,434	18,173,810	5,145,185	285,834	24,544,263
Other real estate owned	3,235,992	427,000	1,313,116	83,000	5,059,108
Other assets	18,832,970	-	15,667	-	18,848,637
Total current assets	<u>292,033,357</u>	<u>1,015,026,700</u>	<u>533,575,679</u>	<u>37,427,100</u>	<u>1,878,062,836</u>
Noncurrent assets:					
Investments	475,011,074	-	314,885,502	-	789,896,576
Mortgage and other loans receivable	359,948,629	4,683,226,018	1,572,330,145	100,793,184	6,716,297,976
Less allowance for loan loss	38,922,714	44,257,735	29,554,141	822,978	113,557,568
Mortgage and other loans receivable, net	<u>321,025,915</u>	<u>4,638,968,283</u>	<u>1,542,776,004</u>	<u>99,970,206</u>	<u>6,602,740,408</u>
Capital Assets, net of accumulated depreciation and amortization of \$69,246,833	28,477,145	6,923,226	-	-	35,400,371
Mortgage servicing rights, net	36,834,996	-	-	-	36,834,996
Other Assets	11,799,064	-	-	-	11,799,064
Total noncurrent assets	<u>873,148,194</u>	<u>4,645,891,509</u>	<u>1,857,661,506</u>	<u>99,970,206</u>	<u>7,476,671,415</u>
Total assets	<u><u>1,165,181,551</u></u>	<u><u>5,660,918,209</u></u>	<u><u>2,391,237,185</u></u>	<u><u>137,397,306</u></u>	<u><u>9,354,734,251</u></u>
Deferred outflows of resources					
Other postemployment benefits - change in assumptions	1,914,127	-	-	-	1,914,127
Other postemployment benefits - difference between expected and actual experience	6,130,868	-	-	-	6,130,868
Other postemployment benefits - difference between projected and actual earning	3,213,143	-	-	-	3,213,143
Total Deferred outflows of resources	<u>11,258,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,258,138</u>

Schedule 3

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Net Position

June 30, 2023

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Liabilities					
Current liabilities:					
Notes and bonds payable	400,000,000	85,750,000	40,770,451	1,471,337	527,991,788
Accrued interest payable on notes and bonds	990,885	30,107,593	4,191,403	101,788	35,391,669
Escrows	30,571,911	-	-	-	30,571,911
Federal grand awards held	84,706,517	-	-	-	84,706,517
Accounts payable and other liabilities	33,237,559	-	-	-	33,237,559
Total current liabilities	<u>549,506,872</u>	<u>115,857,593</u>	<u>44,961,854</u>	<u>1,573,125</u>	<u>711,899,444</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,815,369,598	784,241,343	36,112,031	4,635,722,972
Project reserves	113,844,901	-	-	-	113,844,901
Loan participation payable to Federal Financing Bank	34,022,078	-	-	-	34,022,078
Other (assets) liabilities	18,927,773	-	-	-	18,927,773
Total noncurrent liabilities	<u>166,794,752</u>	<u>3,815,369,598</u>	<u>784,241,343</u>	<u>36,112,031</u>	<u>4,802,517,724</u>
Total liabilities	<u>716,301,624</u>	<u>3,931,227,191</u>	<u>829,203,197</u>	<u>37,685,156</u>	<u>5,514,417,168</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	459,456	64,440,089	-	-	64,899,545
Other postemployment benefits - change in assumptions	586,871	-	-	-	586,871
Other postemployment benefits - difference between expected and actual experience	941,509	-	-	-	941,509
Total deferred inflows of resources	<u>1,987,836</u>	<u>64,440,089</u>	<u>-</u>	<u>-</u>	<u>66,427,925</u>
Net position:					
Net investment in capital assets	8,721,930	54,722	-	-	8,776,652
Restricted by bond indentures	-	1,665,196,207	1,562,033,988	99,712,150	3,326,942,345
Unrestricted	449,428,299	-	-	-	449,428,299
Total net position	<u>\$ 458,150,229</u>	<u>1,665,250,929</u>	<u>1,562,033,988</u>	<u>99,712,150</u>	<u>3,785,147,296</u>

See accompanying independent auditors' report.

Schedule 4

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2023

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 16,762,080	202,850,482	80,749,026	4,764,845	305,126,433
Housing Choice Voucher program administrative income	9,269,212	-	-	-	9,269,212
Gains and recoveries on sale of other real estate owned	501,223	-	349,765	2,189	853,177
Gains on sale of single family mortgage loans	-	-	5,101,991	-	5,101,991
Mortgage servicing fees net of guaranty fees	41,884,948	-	-	-	41,884,948
Tax credit program fees earned	8,141,690	-	-	-	8,141,690
Other	3,972,232	5,478,377	28,142	-	9,478,751
Total operating revenues	<u>80,531,385</u>	<u>208,328,859</u>	<u>86,228,924</u>	<u>4,767,034</u>	<u>379,856,202</u>
Operating expenses:					
Interest on notes and bonds payable	17,536,970	121,289,061	25,861,285	1,291,623	165,978,939
Salaries and related employee benefits	79,500,734	-	-	-	79,500,734
General operating expenses	36,197,874	-	1,016	-	36,198,890
Note and bond expenses	1,437,986	-	-	-	1,437,986
Bond issuance expenses	80,282	2,045,078	-	-	2,125,360
Grant expenses	63,696,630	-	-	-	63,696,630
Housing Choice Voucher program expenses	10,726,712	-	-	-	10,726,712
Mortgage servicing rights amortization and other servicing costs	25,171,554	-	2,359,457	-	27,531,011
Losses on other real estate owned	1,453,630	-	558,979	16,985	2,029,594
Provision for loan losses	(8,040,340)	(11,637,116)	(8,817,979)	(269,723)	(28,765,158)
Total operating expenses	<u>227,762,032</u>	<u>111,697,023</u>	<u>19,962,758</u>	<u>1,038,885</u>	<u>360,460,698</u>
Operating income (expense)	<u>(147,230,647)</u>	<u>96,631,836</u>	<u>66,266,166</u>	<u>3,728,149</u>	<u>19,395,504</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	229,995,448	-	-	-	229,995,448
Pass-through grants expenses	(229,995,448)	-	-	-	(229,995,448)
Investment income	23,633,536	36,405,897	24,339,521	112,828	84,491,782
Realized loss on investments	(6,573)	-	(41,933,169)	-	(41,939,742)
Unrealized loss on investments	4,448,122	-	(28,747,627)	-	(24,299,505)
Other, net	14,596	-	-	-	14,596
Total nonoperating revenues, net	<u>28,089,681</u>	<u>36,405,897</u>	<u>(46,341,275)</u>	<u>112,828</u>	<u>18,267,131</u>
Income (loss) before transfers	<u>(119,140,966)</u>	<u>133,037,733</u>	<u>19,924,891</u>	<u>3,840,977</u>	<u>37,662,635</u>
Transfers between funds	147,548,061	(152,693,901)	5,092,351	53,489	-
Change in net position	28,407,095	(19,656,168)	25,017,242	3,894,466	37,662,635
Total net position, beginning of year (as restated)	429,743,134	1,684,907,097	1,537,016,746	95,817,684	3,747,484,661
Total net position, end of year	<u>\$ 458,150,229</u>	<u>1,665,250,929</u>	<u>1,562,033,988</u>	<u>99,712,150</u>	<u>3,785,147,296</u>

See accompanying independent auditors' report.

Schedule 5

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Fiduciary Net Position
Fiduciary Funds – Custodial Funds

June 30, 2023

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 75,335,481	3,754,317	989,307	1,669,610	81,748,715
Interest receivable - investments	-	23,775	9,124	10,046	42,945
Interest receivable - mortgage and other loans	-	63,399	65,222	8,625	137,246
Other assets	-	1,046	-	-	1,046
Total current assets	<u>75,335,481</u>	<u>3,842,537</u>	<u>1,063,653</u>	<u>1,688,281</u>	<u>81,929,952</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,702,870	-	-	2,702,870
Total noncurrent assets	<u>-</u>	<u>2,702,870</u>	<u>-</u>	<u>-</u>	<u>2,702,870</u>
Total assets	<u>75,335,481</u>	<u>6,545,407</u>	<u>1,063,653</u>	<u>1,688,281</u>	<u>84,632,822</u>
LIABILITIES					
Other liabilities	-	1,062,831	990,389	1,651,689	3,704,909
Total liabilities	<u>-</u>	<u>1,062,831</u>	<u>990,389</u>	<u>1,651,689</u>	<u>3,704,909</u>
NET POSITION					
Restricted for:					
Other postemployment benefit plan other than pension					
Funds held in escrow	75,335,481	-	-	-	75,335,481
Other governmental agency	-	5,482,576	73,264	36,592	5,592,432
Total Net Position	<u>\$ 75,335,481</u>	<u>5,482,576</u>	<u>73,264</u>	<u>36,592</u>	<u>80,927,913</u>

See accompanying independent auditors' report.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
Year Ended June 30, 2023

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virgina Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ADDITIONS					
Contribution:					
Borrower payments	\$ 1,656,192,678	-	-	-	1,656,192,678
Employers	-	24,882	76,208	30,687	131,777
Total Contributions	<u>1,656,192,678</u>	<u>24,882</u>	<u>76,208</u>	<u>30,687</u>	<u>1,656,324,455</u>
Investment earnings:					
Interest, dividends, and other	-	1,210,742	391,766	162,477	1,764,985
Total investment earnings	<u>-</u>	<u>1,210,742</u>	<u>391,766</u>	<u>162,477</u>	<u>1,764,985</u>
Total additions	<u>1,656,192,678</u>	<u>1,235,624</u>	<u>467,974</u>	<u>193,164</u>	<u>1,658,089,440</u>
DEDUCTIONS					
Other governmental agency	-	1,062,645	24,626,158	9,102,658	34,791,461
Disbursement of escrow funds	1,674,593,360	-	-	-	1,674,593,360
Administrative expense	-	26,268	81,427	34,440	142,135
Total deductions	<u>1,674,593,360</u>	<u>1,088,913</u>	<u>24,707,585</u>	<u>9,137,098</u>	<u>1,709,526,956</u>
Net (decrease)/increase in fiduciary net position	(18,400,682)	146,711	(24,239,611)	(8,943,934)	(51,437,516)
Net position - beginning of year	93,736,163	5,335,865	24,312,875	8,980,526	132,365,429
Net position - end of year	<u>\$ 75,335,481</u>	<u>5,482,576</u>	<u>73,264</u>	<u>36,592</u>	<u>80,927,913</u>

See accompanying independent auditors' report.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Net Position (as restated)

June 30, 2022

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 378,949,888	1,150,161,461	275,208,488	21,743,406	1,826,063,243
Interest receivable – investments	2,354,898	1,036,689	1,197,961	17,645	4,607,193
Derivative instruments	-	-	5,336,502	-	5,336,502
Mortgage loans held for sale	-	-	316,106,009	-	316,106,009
Mortgage and other loans receivable, net	8,357,128	103,058,101	78,674,342	4,224,648	194,314,219
Interest receivable – mortgage and other loans	755,425	17,571,248	5,249,417	316,696	23,892,786
Other real estate owned	3,188,560	427,000	741,991	260,590	4,618,141
Other assets	26,152,384	-	7,593	-	26,159,977
Total current assets	419,758,283	1,272,254,499	682,522,303	26,562,985	2,401,098,070
Noncurrent assets:					
Investments	819,206,816	-	234,707,900	1,124,337	1,055,039,053
Mortgage and other loans receivable	302,760,316	4,270,008,327	1,582,103,629	111,994,048	6,266,866,320
Less allowance for loan loss	47,311,987	55,894,850	39,134,462	1,113,804	143,455,103
Mortgage and other loans receivable, net	255,448,329	4,214,113,477	1,542,969,167	110,880,244	6,123,411,217
Capital Assets, net of accumulated depreciation and amortization of \$65,607,441	34,314,679	7,619,660	-	-	41,934,339
Mortgage servicing rights, net	44,074,557	-	-	-	44,074,557
Other Assets	19,158,265	-	-	-	19,158,265
Total noncurrent assets	1,172,202,646	4,221,733,137	1,777,677,067	112,004,581	7,283,617,431
Total assets	1,591,960,929	5,493,987,636	2,460,199,370	138,567,566	9,684,715,501
Deferred outflows of resources					
Other postemployment benefits - change in assumptions	1,911,020	-	-	-	1,911,020
Other postemployment benefits - difference between expected and actual experience	6,868,575	-	-	-	6,868,575
Total Deferred outflows of resources	8,779,595	-	-	-	8,779,595

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position (as restated)
June 30, 2022

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Liabilities					
Current liabilities:					
Notes and bonds payable	710,300,000	63,380,000	41,502,902	1,565,945	816,748,847
Accrued interest payable on notes and bonds	306,916	27,056,179	4,584,424	115,468	32,062,987
Escrows	29,578,957	-	-	-	29,578,957
Federal grand awards held	226,810,062	-	-	-	226,810,062
Accounts payable and other liabilities	34,173,634	-	198	-	34,173,832
Total current liabilities	<u>1,001,169,569</u>	<u>90,436,179</u>	<u>46,087,524</u>	<u>1,681,413</u>	<u>1,139,374,685</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,655,186,744	877,095,100	41,068,469	4,573,350,313
Project reserves	105,053,442	-	-	-	105,053,442
Loan participation payable to Federal Financing Bank	34,824,533	-	-	-	34,824,533
Other (assets) liabilities	22,925,646	-	-	-	22,925,646
Total noncurrent liabilities	<u>162,803,621</u>	<u>3,655,186,744</u>	<u>877,095,100</u>	<u>41,068,469</u>	<u>4,736,153,934</u>
Total liabilities	<u>1,163,973,190</u>	<u>3,745,622,923</u>	<u>923,182,624</u>	<u>42,749,882</u>	<u>5,875,528,619</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	476,574	63,457,616	-	-	63,934,190
Other postemployment benefits - change in assumptions	665,047	-	-	-	665,047
Other postemployment benefits - difference between expected and actual experience	124,609	-	-	-	124,609
Other postemployment benefits - difference between projected and actual earning	5,757,970	-	-	-	5,757,970
Total deferred inflows of resources	<u>7,024,200</u>	<u>63,457,616</u>	<u>-</u>	<u>-</u>	<u>70,481,816</u>
Net position:					
Net investment in capital assets	12,026,831	454,520	-	-	12,481,351
Restricted by bond indentures	-	1,684,452,577	1,537,016,746	95,817,684	3,317,287,007
Unrestricted	417,716,303	-	-	-	417,716,303
Total net position	<u>\$ 429,743,134</u>	<u>1,684,907,097</u>	<u>1,537,016,746</u>	<u>95,817,684</u>	<u>3,747,484,661</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Revenues, Expenses, and Changes in Net Position (as restated)
Year ended June 30, 2022

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 11,717,487	201,031,941	74,459,708	5,576,742	292,785,878
Housing Choice Voucher program administrative income	8,379,512	-	-	-	8,379,512
Gains and recoveries on sale of other real estate owned	309,856	-	95,494	44,990	450,340
Gains on sale of single family mortgage loans	-	-	41,899,002	-	41,899,002
Mortgage servicing fees net of guaranty fees	38,191,108	-	-	-	38,191,108
Tax credit program fees earned	4,784,281	-	-	-	4,784,281
Other	15,714,869	8,192,702	118	-	23,907,689
Total operating revenues	<u>79,097,113</u>	<u>209,224,643</u>	<u>116,454,322</u>	<u>5,621,732</u>	<u>410,397,810</u>
Operating expenses:					
Interest on notes and bonds payable	2,599,287	110,754,204	29,229,242	1,526,190	144,108,923
Salaries and related employee benefits	72,856,377	-	-	-	72,856,377
General operating expenses	42,435,825	-	3,935	-	42,439,760
Note and bond expenses	1,428,411	-	-	-	1,428,411
Bond issuance expenses	325,585	4,723,281	1,014,305	-	6,063,171
Grant expenses	34,021,786	-	-	-	34,021,786
Housing Choice Voucher program expenses	8,447,467	-	-	-	8,447,467
Mortgage servicing rights amortization and other servicing costs	25,969,788	-	6,074,038	-	32,043,826
Losses on other real estate owned	820,084	-	262,858	54,590	1,137,532
Provision for loan losses	(5,972,236)	(8,301,383)	(10,861,092)	(401,235)	(25,535,946)
Total operating expenses	<u>182,932,374</u>	<u>107,176,102</u>	<u>25,723,286</u>	<u>1,179,545</u>	<u>317,011,307</u>
Operating income (expense)	<u>(103,835,261)</u>	<u>102,048,541</u>	<u>90,731,036</u>	<u>4,442,187</u>	<u>93,386,503</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	238,148,054	-	-	-	238,148,054
Pass-through grants expenses	(238,148,054)	-	-	-	(238,148,054)
Investment income	25,922,619	2,274,313	9,923,958	(340,296)	37,780,594
Realized loss on investments	(30,199)	-	9,521	-	(20,678)
Unrealized loss on investments	(80,928,050)	-	(21,178,906)	-	(102,106,956)
Other, net	12,999	-	-	-	12,999
Total nonoperating revenues, net	<u>(55,022,631)</u>	<u>2,274,313</u>	<u>(11,245,427)</u>	<u>(340,296)</u>	<u>(64,334,041)</u>
Income (loss) before transfers	<u>(158,857,892)</u>	<u>104,322,854</u>	<u>79,485,609</u>	<u>4,101,891</u>	<u>29,052,462</u>
Transfers between funds	210,493,856	(130,771,596)	(79,894,586)	172,326	-
Change in net position	<u>51,635,964</u>	<u>(26,448,742)</u>	<u>(408,977)</u>	<u>4,274,217</u>	<u>29,052,462</u>
Total net position, beginning of year	378,107,170	1,711,355,839	1,537,425,723	91,543,467	3,718,432,199
Total net position, end of year	<u>\$ 429,743,134</u>	<u>1,684,907,097</u>	<u>1,537,016,746</u>	<u>95,817,684</u>	<u>3,747,484,661</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Fiduciary Net Position
Fiduciary Funds – Custodial Funds
June 30, 2022

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 93,736,163	3,642,444	754,128	817,025	98,949,760
Interest receivable - investments	-	2,952	1,279	633	4,864
Interest receivable - mortgage and other loans	-	1,046	53,593	7,469	62,108
Other assets	-	65,149	-	-	65,149
Total current assets	<u>93,736,163</u>	<u>3,711,591</u>	<u>809,000</u>	<u>825,126</u>	<u>99,081,881</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,702,870	24,293,135	9,000,847	35,996,852
Total noncurrent assets	<u>-</u>	<u>2,702,870</u>	<u>24,293,135</u>	<u>9,000,847</u>	<u>35,996,852</u>
Total assets	<u>93,736,163</u>	<u>6,414,461</u>	<u>25,102,135</u>	<u>9,825,973</u>	<u>135,078,732</u>
LIABILITIES					
Other liabilities	-	1,078,596	789,260	845,447	2,713,304
Total liabilities	<u>-</u>	<u>1,078,596</u>	<u>789,260</u>	<u>845,447</u>	<u>2,713,304</u>
NET POSITION					
Restricted for:					
Other postemployment benefit plan other than pension					
Funds held in escrow	93,736,163	-	-	-	93,736,163
Other governmental agency	-	5,335,865	24,312,875	8,980,526	38,629,266
Total Net Position	<u>\$ 93,736,163</u>	<u>5,335,865</u>	<u>24,312,875</u>	<u>8,980,526</u>	<u>132,365,429</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Changes in Fiduciary Net Position
Fiduciary Funds – Custodial Funds
Year Ended June 30, 2022

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS					
Contribution:					
Borrower payments	\$ 2,716,640,483	-	-	-	2,716,640,483
Employers	-	22,091	86,619	32,859	141,569
Other governmental agency minus Employers	-	-	5,656,152	3,800,000	9,456,152
Total Contributions	<u>2,716,640,483</u>	<u>22,091</u>	<u>5,742,771</u>	<u>3,832,859</u>	<u>2,726,238,204</u>
Investment earnings:					
Interest, dividends, and other	-	19,308	3,139	1,604	24,051
Total investment earnings	<u>-</u>	<u>19,308</u>	<u>3,139</u>	<u>1,604</u>	<u>24,051</u>
Total additions	<u>2,716,640,483</u>	<u>41,399</u>	<u>5,745,910</u>	<u>3,834,463</u>	<u>2,726,262,255</u>
DEDUCTIONS					
Other governmental agency	-	110,000	56,303	-	166,303
Disbursement of escrow funds	2,763,517,863	-	-	-	2,763,517,863
Administrative expense	-	24,882	76,208	30,687	131,777
Total deductions	<u>2,763,517,863</u>	<u>134,882</u>	<u>132,511</u>	<u>30,687</u>	<u>2,763,815,943</u>
Net increase in fiduciary net position	(46,877,380)	(93,483)	5,613,399	3,803,776	(37,553,688)
Net position - beginning of year	140,613,543	5,429,348	18,699,476	5,176,750	169,919,117
Net position - end of year	<u>\$ 93,736,163</u>	<u>5,335,865</u>	<u>24,312,875</u>	<u>8,980,526</u>	<u>132,365,429</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Virginia Housing Development Authority
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of the business-type activities and the fiduciary activities of the Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2023 (except for the Retiree Health Care Plan fiduciary fund, which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Commissioners
Virginia Housing Development Authority

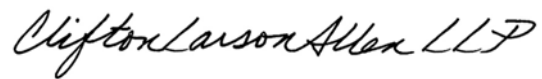
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Arlington, Virginia
September 14, 2023



VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Basic Financial Statements and
Supplementary Information

December 31, 2023 and 2022

(Unaudited)

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Table of Contents

	Page
Summary of the Quarterly Report	1
Basic Financial Statements:	
Statements of Net Position – December 31, 2023 and 2022 (Unaudited)	3
Statements of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2023 and 2022 (Unaudited)	5
Statements of Cash Flows – Six Months Ended December 31, 2023 and 2022 (Unaudited)	6
Statements of Fiduciary Net Position – December 31, 2023 and 2022 (Unaudited)	8
Statements of Changes in Fiduciary Net Position – Six Months Ended December 31, 2023 and 2022 (Unaudited)	9
Notes to Basic Financial Statements (Unaudited)	10
Other Supplementary Information	
1 Combining Schedule of Net Position – December 31, 2023 (Unaudited)	29
2 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2023 (Unaudited)	31
3 Combining Schedule of Fiduciary Net Position – December 31, 2023 (Unaudited)	32
4 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2023 (Unaudited)	33
5 Combining Schedule of Net Position – December 31, 2022 (Unaudited)	34
6 Combining Schedule of Revenues, Expenses, and Changes in Net Position – Six Months Ended December 31, 2022 (Unaudited)	36
7 Combining Schedule of Fiduciary Net Position – December 31, 2022 (Unaudited)	37
8 Combining Schedule of Changes in Fiduciary Net Position – Six Months Ended December 31, 2022 (Unaudited)	38

VIRGINIA HOUSING AND DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Summary of the Quarterly Report

December 31, 2023 and 2022

(Unaudited)

This condensed report provides highlights of the financial performance of the Virginia Housing Development Authority (the Authority) for the second quarter of fiscal year 2024. The information provided is an abbreviated version of the full financial report published annually. Sections and notes included are based on an analysis of significant interim information necessary to provide an accurate representation of the Authority's year-to-date activity.

The basic financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, the Statements of Fiduciary Net Position, Statement of Changes in Fiduciary Net Position and the accompanying abbreviated notes to the basic financial statements constitute the condensed financial statements.

The *Statement of Net Position* reports all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, both financial and capital, presented in order of liquidity and using the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources is presented as net position and is displayed in three components: net investment in capital assets; restricted portion of net position; and unrestricted portion of net position. Net position is restricted when external constraints are placed upon their use, such as bond indentures, legal agreements, or statutes. Over time, changes in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* identifies all the Authority's revenues and expenses for the reporting period, distinguishing between operating and nonoperating activities. This statement measures the success of the Authority's operations for the second quarter and can be used to determine whether the Authority has successfully recovered all of its costs through mortgage loan income, investment income, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information about the Authority's cash receipts and cash payments during the reporting period. This statement reports cash transactions, including receipts, payments, and net changes resulting from operations, noncapital financing, capital financing, and investing activities. This statement provides information regarding the sources and use of cash and the change in cash during the reporting period.

The *Statement of Fiduciary Net Position* reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position of pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial position of activities the Authority has stewardship of that are not assets or liabilities of the Authority.

The *Statement of Changes in Fiduciary Net Position* reports the additions and deductions from pension (and other employee benefit) trust funds and custodial funds. The purpose of this statement is to report the financial activities which includes the receipts and disbursements of funds the Authority has stewardship of but are not included in the Authority's financial activities.

The *Notes to Basic Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the basic financial statements and as such, are an integral part of the Authority's financial statements. The report includes abbreviated notes which are necessary to provide context to the interim financial activity.

The most recent audited financial report as of June 30, 2023 is available on the Authority's website at www.virginiahousing.com/partners/investors/financial-statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
December 31, 2023 and 2022
(Unaudited)

	2023	2022 (as restated)
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 1,771,997,128	1,755,945,145
Investments (note 3)	391,459,000	-
Interest receivable – investments	18,298,553	7,537,389
Derivative instruments (note 1)	-	536,399
Mortgage loans held for sale (note 1)	34,512,719	100,996,971
Mortgage and other loans receivable, net	178,867,322	177,577,646
Interest receivable – mortgage and other loans	27,356,203	23,551,071
Other real estate owned	4,309,757	7,918,488
Other assets	20,118,667	36,284,657
Total current assets	2,446,919,349	2,110,347,766
Noncurrent assets:		
Investments (note 3)	760,987,588	828,229,196
Mortgage and other loans receivable	7,206,354,091	6,456,812,067
Less allowance for loan loss (note 1)	123,875,929	132,822,195
Mortgage and other loans receivable, net	7,082,478,162	6,323,989,872
Capital Assets, net of accumulated depreciation and amortization of \$74,052,202 and \$67,176,462 respectively	30,768,064	40,185,869
Mortgage servicing rights, net (note 1)	32,881,177	42,413,617
Other assets	17,385,728	19,104,506
Total noncurrent assets	7,924,500,719	7,253,923,060
Total assets	10,371,420,068	9,364,270,826
Deferred outflows of resources		
Other postemployment benefits - change in assumptions (note 1)	1,914,127	1,911,020
Other postemployment benefits - difference between expected and actual experience (note 1)	6,130,868	6,868,575
Other postemployment benefits - difference between projected and actual earning (note 1)	3,213,143	-
Total deferred outflows of resources	11,258,138	8,779,595

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
December 31, 2023 and 2022
(Unaudited)

	2023	2022 (as restated)
Liabilities		
Current liabilities:		
Notes and bonds payable (note 4)	\$ 538,039,040	524,800,624
Accrued interest payable on notes and bonds	41,841,112	33,502,457
Escrows	39,973,585	33,713,558
Federal grant awards held	17,915,624	171,916,176
Derivative instruments	558,418	-
Accounts payable and other liabilities	41,365,950	24,912,623
Total current liabilities	679,693,729	788,845,438
Noncurrent liabilities:		
Bonds payable, net (note 4)	5,627,204,396	4,621,560,360
Project reserves	114,155,881	106,991,167
Loan participation payable to Federal Financing Bank (note 5)	33,608,572	34,427,343
Other liabilities	17,231,671	23,088,010
Total noncurrent liabilities	5,792,200,520	4,786,066,880
Total liabilities	6,471,894,249	5,574,912,318
Deferred inflows of resources		
Deferred fees and points on multifamily loans	62,973,763	63,319,854
Other postemployment benefits - change in assumptions (note1)	586,871	665,047
Other postemployment benefits - difference between expected and actual experience (note 1)	941,509	124,609
Other postemployment benefits - difference between projected and actual earning (note 1)	-	5,757,970
Total deferred inflows of resources	64,502,143	69,867,480
Net position (note 1):		
Net investment in capital assets	8,298,174	11,392,286
Restricted by bond indentures	3,322,914,296	3,267,311,257
Unrestricted	515,069,344	449,567,080
Total net position	\$ 3,846,281,814	3,728,270,623

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Revenues, Expenses, and Changes in Net Position
Six months ended December 31, 2023 and 2022(as restated)
(Unaudited)

	2023	2022 (as restated)
Operating revenues:		
Interest on mortgage and other loans receivable	\$ 168,791,925	151,064,389
Housing Choice Voucher program administrative income	5,386,404	5,122,450
Gains and recoveries on sale of other real estate owned	686,559	205,956
Gains on sale of single family mortgage loans	6,586,065	1,043,578
Mortgage servicing fees net of guaranty fees	21,132,674	20,873,794
Other	17,497,200	9,706,478
Total operating revenues	220,080,827	188,016,645
Operating expenses:		
Interest on notes and bonds payable	93,838,950	80,355,480
Salaries and related employee benefits	38,687,611	36,400,105
General operating expenses	23,151,730	18,518,046
Note and bond expenses	710,697	1,035,295
Bond issuance expenses	4,897,935	975,917
Grant expenses	29,980,450	33,423,238
Housing Choice Voucher program expenses	5,080,186	4,104,241
Mortgage servicing rights amortization and other servicing costs	13,496,351	12,986,363
Losses on other real estate owned	634,797	1,334,228
Provision for loan losses (note 1)	10,547,686	(10,223,498)
Total operating expenses	221,026,393	178,909,415
Operating (expense) income	(945,566)	9,107,230
Nonoperating revenues (losses):		
Pass-through grant awards	110,120,512	94,970,790
Pass-through grants expenses	(110,120,512)	(94,970,790)
Investment income	52,924,743	38,322,481
Realized loss on investments	(28,118)	(41,936,927)
Unrealized gain (loss) on investments	9,163,225	(24,721,408)
Other, net	20,234	14,586
Total nonoperating revenues (expenses), net	62,080,084	(28,321,268)
Change in net position	61,134,518	(19,214,038)
Total net position, beginning of year	3,785,147,296	3,747,484,661
Total net position, end of six months	\$ 3,846,281,814	3,728,270,623

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Six months ended December 31, 2023 and 2022
(Unaudited)

	2023	2022
Cash flows from operating activities:		
Cash payments for mortgage and other loans	\$ (863,058,382)	(806,605,294)
Principal repayments on mortgage and other loans	212,999,549	202,924,509
Sale of mortgage loans	306,265,197	575,528,256
Interest received on mortgage and other loans	166,015,229	152,799,797
Pass-through grant awards received	43,329,620	40,076,904
Pass-through grant awards disbursed	(109,238,086)	(108,015,136)
Grant administrative fees received	5,786,106	2,938,962
Housing Choice Voucher payments received	7,848,122	3,617,017
Housing Choice Voucher payments disbursed	(3,990,499)	(4,219,845)
Escrow and project reserve payments received	135,960,000	135,109,472
Escrow and project reserve payments disbursed	(126,247,345)	(129,037,146)
Other operating revenues	42,564,875	26,566,336
Cash received/payments for loan origination fees and loan discounts	2,847,577	674,117
Cash paid for loan origination fees and loan premiums	(2,051,277)	(1,548,026)
Cash payments for salaries and related benefits	(42,816,667)	(39,201,562)
Cash payments on grants	(29,980,450)	(33,423,237)
Cash payments for general operating expenses	(20,466,166)	(24,792,355)
Cash payments for servicing release premiums and guaranty fees	(14,302,156)	(15,853,100)
Proceeds from sale of other real estate owned	6,333,947	5,751,674
Net cash used in operating activities	(282,200,806)	(16,708,657)
Cash flows from noncapital financing activities:		
Proceeds from issuance of notes and bonds	1,147,111,422	243,987,740
Principal payments on notes and bonds	(145,620,708)	(487,774,663)
Principal payments on loan participation - FFB	(413,506)	(397,190)
Interest payments on notes and bonds	(87,351,541)	(78,867,259)
Cash payments for bond issuance expenses	(4,897,935)	(975,917)
Net cash provided by/(used in) noncapital financing activities	908,827,732	(324,027,289)
Cash flows from capital and related financing activities:		
Purchases of property, furniture, and equipment	(235,919)	(82,924)
Net cash used in capital and related financing activities	(235,919)	(82,924)
Cash flows from investing activities:		
Purchases of investments	(401,601,615)	-
Proceeds from sales or maturities of investments	78,436,589	235,308,209
Interest received on investments	45,777,270	35,392,563
Net cash (used in)/provided by investing activities	(277,387,756)	270,700,772
Net increase/(decrease) in cash and cash equivalents	349,003,251	(70,118,098)
Cash and cash equivalents, at beginning of year	1,422,993,877	1,826,063,243
Cash and cash equivalents, at end of six months	\$ 1,771,997,128	1,755,945,145

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Six months ended December 31, 2023 and 2022
(Unaudited)

	2023	2022 (as restated)
Reconciliation of operating income to net cash used in operating activities:		
Operating (expense) income	\$ (945,566)	9,107,230
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, furniture, and equipment	1,381,929	1,831,394
Amortization of right to use asset	3,666,239	6,112,770
Bond issuance costs	4,897,935	975,917
Interest on notes and bonds payable	93,838,950	80,355,480
Decrease in mortgage loans held for sale	143,848,392	215,109,038
Increase in mortgage and other loans receivable	(481,943,567)	(243,397,856)
Increase/(decrease) in allowance for loan loss	10,318,361	(10,632,908)
(Increase)/decrease in interest receivable – mortgage and other loans	(2,811,940)	341,715
Decrease/(increase) in other real estate owned	749,351	(3,300,347)
Decrease in mortgage servicing rights	3,953,819	1,660,940
Increase in other assets	(6,856,694)	(10,070,921)
Increase in deferred inflows of resources	(1,925,782)	(614,336)
Decrease in Federal funds held	(66,790,893)	(54,893,886)
Increase/(decrease) in accounts payable and other liabilities	6,432,289	(15,211,615)
Increase in escrows and project reserves	9,986,371	5,918,728
Net cash used in operating activities	\$ (282,200,806)	(16,708,657)
Supplemental disclosure of noncash activity:		
Increase in other real estate owned as a result of loan foreclosures	\$ 5,213,656	8,821,406
Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments	\$ -	70,188,682

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023 and 2022
(Unaudited)

	<u>2023</u>		<u>2022</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,945	66,671,234	1,669	64,262,810
Interest receivable - investments	-	82,335	-	27,825
Interest receivable - mortgage and other loans	-	149,199	-	70,109
Other assets	-	212	-	64,212
Total current assets	<u>1,945</u>	<u>66,902,980</u>	<u>1,669</u>	<u>64,424,956</u>
Noncurrent assets:				
Mortgage and other loans receivable	-	2,177,870	-	41,488,488
Investments	52,406,293	-	46,422,784	-
Total noncurrent assets	<u>52,406,293</u>	<u>2,177,870</u>	<u>46,422,784</u>	<u>41,488,488</u>
Total assets	<u>52,408,238</u>	<u>69,080,850</u>	<u>46,424,453</u>	<u>105,913,443</u>
LIABILITIES				
Other liabilities	-	7,842,466	-	6,057,933
Total liabilities	<u>-</u>	<u>7,842,466</u>	<u>-</u>	<u>6,057,933</u>
NET POSITION				
Restricted for:				
Other postemployment benefit plan other than pension	52,408,238	-	46,424,453	-
Funds held in escrow	-	55,809,970	-	56,392,292
Other governmental agency	-	5,428,414	-	43,463,219
Total Net Position	<u>\$ 52,408,238</u>	<u>61,238,384</u>	<u>46,424,453</u>	<u>99,855,511</u>

* June 30, 2023 and 2022 year-end.
See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Six months ended December 31, 2023 and 2022
(Unaudited)

	<u>2023</u>		<u>2022</u>	
	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>	<u>Retiree Health Care Plan*</u>	<u>Custodial Funds</u>
ADDITIONS				
Contribution:				
Borrower payments	\$ -	788,875,580	-	912,171,414
Employers	52,766	142,135	43,800	131,777
Other governmental agency	-	-	-	4,620,000
Total Contributions	<u>52,766</u>	<u>789,017,715</u>	<u>43,800</u>	<u>916,923,191</u>
Investment earnings:				
Net increase/(decrease) in fair value of investments	2,447,486	-	(7,667,627)	-
Interest, dividends, and other	688,406	855,668	391,017	110,539
Securities lending income (gain on sales)	100,453	-	200,911	-
Total investment earnings	<u>3,236,345</u>	<u>855,668</u>	<u>(7,075,699)</u>	<u>110,539</u>
Total additions	<u>3,289,111</u>	<u>789,873,383</u>	<u>(7,031,899)</u>	<u>917,033,730</u>
DEDUCTIONS				
Other governmental agency	-	1,161,821	-	28,363
Disbursement of escrow funds	-	808,401,091	-	949,515,285
Administrative expense	52,766	-	43,800	-
Total deductions	<u>52,766</u>	<u>809,562,912</u>	<u>43,800</u>	<u>949,543,648</u>
Net increase/(decrease) in fiduciary net position	3,236,345	(19,689,529)	(7,075,699)	(32,509,918)
Net position - beginning of year	49,171,893	80,927,913	53,500,152	132,365,429
Net position - end of six months	<u>\$ 52,408,238</u>	<u>61,238,384</u>	<u>46,424,453</u>	<u>99,855,511</u>

* June 30, 2023 and 2022 year-end.

See accompanying notes to basic financial statements.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

The Virginia Housing Development Authority (Authority) was created under the Virginia Housing Development Authority Act, as amended (Act) enacted by the 1972 Session of the Virginia General Assembly. The Act empowers the Authority, among other authorized activities, to finance the acquisition, construction, rehabilitation and ownership of housing intended for occupancy or ownership, or both, by families of low or moderate income. Mortgage loans are generally financed by the proceeds of notes, bonds, or other debt obligations of the Authority or by Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) guaranteed mortgage backed securities (see note 1 (f)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

For financial reporting purposes, the Authority is a component unit of the Commonwealth. The accounts of the Authority, along with other component units, are combined to form the component units of the Commonwealth. The Authority reports all of its activities as one enterprise fund, in accordance with U.S. generally accepted accounting principles (GAAP). See note 2 for further discussion.

(b) Measurement Focus and Basis of Accounting

The Authority utilizes the economic resources measurement focus and accrual basis of accounting in preparing its basic financial statements where revenues are recognized when earned and expenses when incurred. The accounts are organized on the basis of funds and groups of funds, which are set up in accordance with the Act and the various note and bond resolutions.

(c) Use of Estimates

The preparation of basic financial statements, in conformity with GAAP, requires management to make estimates and judgments that affect reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosures of contingencies at the date of the basic financial statements and revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

(d) Investments

Investments include various debt and asset backed securities which are reported at fair value in the Statements of Net Position, with changes in fair value recognized in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt securities and asset backed securities is derived from management's review of third party pricing services that use various models that are based on quoted market prices when available or on adjusted values in relation to observable prices on similar investments.

(e) Derivative Instruments

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At December 31, 2023, the Authority had outstanding 10 forward sales transactions with a \$38.2 million notional amount with four counterparties. At December 31, 2022, the Authority had outstanding 45 forward sales transactions with a \$154.1 million notional amount with six counterparties.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(f) Mortgage Loans Held for Sale

The Authority is an authorized issuer of GNMA, FNMA and FHLMC Mortgage-Backed Securities (MBS). Through the MBS programs, GNMA, FNMA and FHLMC guarantee securities that are backed by pools of mortgage loans originated or purchased by the Authority. These mortgage loan securitizations are treated as sales for accounting and reporting purposes. Upon the sale, the Authority no longer recognizes the mortgage loans receivable in the Statements of Net Position.

Mortgage loans originated or acquired with the intent to sell through the MBS programs are carried at the lower of cost or fair value. The fair values of the loans are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. Any gains or losses on loan sales are reported in the Statements of Revenues, Expenses, and Changes in Net Position.

(g) Mortgage and Other Loans Receivable

Mortgage and other loans receivable are stated at their unpaid principal balance, net of premiums and discounts and an allowance for loan losses. Pricing premiums and discounts are deferred and amortized, using the interest method, over the contractual life of the loans as an adjustment to yield. The interest method is computed on a loan-by-loan basis and any unamortized premiums and discounts on loans fully repaid are recognized as income in the year in which such loans are repaid.

(h) Allowance for Loan Losses

The Authority provides for expected losses when a specific need for an allowance is identified. The provision for loan losses charged or credited to operating expense is the amount necessary, in management's judgment, to maintain the allowance at a level it believes sufficient to cover losses in collection of its mortgage loans. Estimates of future losses involve the exercise of management's judgment and assumptions with respect to future conditions. The principal factors considered by management in determining the adequacy of the allowance are the composition of the loan portfolio, historical loss experience and delinquency statistics, the value and adequacy of collateral, and economic conditions.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

The allowance for loan losses increased by \$10,318,361 for the six months ended December 31, 2023, and decreased by \$10,632,908 for the six months ended December 31, 2022.

	Six months ended December 31	
	2023	2022
Beginning Balance, July 1	\$ 113,557,568	143,455,103
Provision:		
Homeownership	705,627	(4,320,985)
Rental Housing	9,842,059	(5,902,513)
Provision	10,547,686	(10,223,498)
Net (charge-offs)/recoveries:		
Homeownership	(229,325)	(409,410)
Rental Housing	-	-
Net charge-offs	(229,325)	(409,410)
Net change	10,318,361	(10,632,908)
Ending Balance, December 31	\$ 123,875,929	132,822,195

(i) Mortgage Servicing Rights

The Authority pays mortgage servicing release premiums when purchasing homeownership mortgage loans from participating lenders. These premiums are capitalized at cost and amortized on a loan-by-loan basis over the estimated life of the related mortgage loans using the sum-of-years-digits method. Mortgage servicing rights are recorded when those mortgage loans are securitized through either GNMA, FNMA or FHLMC and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

(j) Notes and Bonds Payable

Notes and bonds payable are stated at their unpaid balance less any unamortized premiums or discounts. Bond premiums and discounts are amortized over the lives of the issues using the interest method. The Authority generally has the right to specially redeem bonds, without premium, upon the occurrence of certain specified events, such as the prepayment of a mortgage loan. The Authority also has the right to optionally redeem the various bonds. The optional redemptions generally cannot be exercised until the bonds have been outstanding for approximately ten years. All issues generally have term bonds, which are subject to partial redemption, without premium, from mandatory sinking fund installments.

(k) Retirement Plans and Other Postemployment Benefit Plans

The Authority has three defined contribution retirement savings plans covering substantially all employees. Retirement expense is fully funded as incurred. To the extent terminating employees are

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

less than 100% vested in the Authority's contributions, the unvested portion is forfeited and redistributed to the remaining participating employees.

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Authority adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018.

For purposes of measuring the net OPEB liability, deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

(l) Cash Equivalents

Cash equivalents consist of highly liquid short-term instruments with original maturities of three months or less from the date of purchase and are recorded at amortized cost. Cash equivalents include commercial paper, repurchase agreements, money-market securities, and other short-term instruments.

(m) Statements of Net Position

The assets presented in the Statements of Net Position represent the total of similar accounts of the Authority's various groups (see note 2). Since the assets of certain of the groups are restricted by the related debt resolutions, the total does not indicate that the combined assets are available in any manner other than that provided for in the resolutions for the separate groups. When both restricted and unrestricted resources are available for use, the Authority's policy is to use restricted resources first and thereafter, unrestricted resources as needed.

(n) Operating and Nonoperating Revenues and Expenses

The Authority's Statements of Revenues, Expenses, and Changes in Net Position distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally arise from financing the acquisition, construction, rehabilitation, and ownership of housing intended for occupancy and ownership, by families of low or moderate income. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(o) *Deferred Outflows of Resources and Deferred Inflows of Resources.*

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

(p) *New Accounting Standards and Restatement of Net Position*

The authority adopted GASB Statement No. 96, Subscription Based Information Technology Arrangements, effective July 1, 2022. The cumulative effect of the implementation of GASB 96 related to subscription based information technology arrangement assets and their corresponding liability and their effect on select financial statement line items after the application at June 30, 2022 has been retrospectively applied to December 31, 2022.

(2) *Basis of Presentation*

The accounts of the Authority are presented in a single proprietary fund set of basic financial statements consisting of various programs. The Authority's activities include the following programs:

(a) *General Operating Accounts*

The General Operating Accounts consist of a group of accounts used to record the receipt of income not directly pledged to the repayment of specific notes and bonds and the payment of expenses related to the Authority's administrative functions.

(b) *Rental Housing Bond Group*

The proceeds of the Rental Housing Bonds are used to finance construction and permanent mortgage loans on rental housing developments, as well as, temporary financing for other rental housing real estate owned and the financing of the Authority's office facilities.

(c) *Commonwealth Mortgage Bond Group*

The proceeds of Commonwealth Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings, as well as, temporary financing for other homeownership real estate owned.

(d) *Homeownership Mortgage Bond Group*

The Homeownership Mortgage Bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of Homeownership Mortgage Bonds are used to purchase or make long-term mortgage loans to owner occupants of homeownership dwellings.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(3) Cash, Cash Equivalents, and Investments

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At December 31, 2023 and 2022, the carrying amount of the Authority's deposits was \$75,011,798 and \$228,463,557, respectively. The associated bank balance of the Authority's deposits was \$67,412,580 and \$210,254,991 at December 31, 2023 and 2022, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency mortgage-backed securities, money market securities and other interest-bearing securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At December 31, 2023 and 2022, total cash equivalents were \$1,696,985,330 and \$1,527,508,588, respectively.

The Investment of Public Funds Act of the Code of Virginia as well as the various bond resolutions establishes permitted investments for the Authority. Within the permitted statutory framework, the Authority's investment policy is to fully invest all monies and maximize the return thereon, by investing and managing investments in a prudent manner that will enable the Authority to fulfill its financial commitments. Approved investments include but are not limited to: direct obligations of the U.S. government, direct obligations of any state or political subdivision of the U.S. government, obligations unconditionally guaranteed by the U.S. government or other political subdivisions, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, and forward contracts. No more than 3.0% of the Authority's total assets may be invested in any one entity, excluding obligations issued or guaranteed by the U.S. government and repurchase agreement transactions. However, repurchase agreements cannot be no more than the Authority's total assets and must mature in less than one month. Such agreements must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy is to generally hold all investments to maturity and to limit the length of an investment at purchase, to coincide with expected timing of its use.

(a) Interest Rate Risk

Interest rate risk is the risk that changes in market rates of interest will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates. As a means of communicating interest rate risk, the Authority has elected the segmented time distribution method of disclosure, which requires the grouping of investment cash flows into sequential time periods in tabular form.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

As of December 31, 2023, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 1,486,973,428	-	-	-	1,486,973,428
Repurchase agreements	400,000,000	-	-	-	400,000,000
Asset-backed securities	-	-	179,022	1,112,431	1,291,453
Collateralized mortgage obligations	-	-	-	21,761,120	21,761,120
Agency-mortgage backed securities	-	9,445	490,499	737,435,071	737,935,015
Money market securities	201,470,902	-	-	-	201,470,902
Total investments	<u>\$ 2,088,444,330</u>	<u>9,445</u>	<u>669,521</u>	<u>760,308,622</u>	<u>2,849,431,918</u>

As of December 31, 2022, the Authority had the following investments (including cash equivalents) and maturities:

<u>Investment type</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>Over 10 years</u>	<u>Total</u>
U.S. government and agency	\$ 690,114,133	-	-	-	690,114,133
Repurchase agreements	625,000,000	-	-	-	625,000,000
Asset-backed securities	-	-	200,771	1,324,615	1,525,386
Collateralized mortgage obligations	-	-	-	46,831,546	46,831,546
Agency-mortgage backed securities	-	-	418,681	778,329,246	778,747,927
Money market securities	212,394,455	-	-	-	212,394,455
Total investments	<u>\$ 1,527,508,588</u>	<u>-</u>	<u>619,452</u>	<u>826,485,407</u>	<u>2,354,613,447</u>

and maturities:

(b) Equity Investment

On January 31, 2021, the Authority made an equity investment in IndieDwell Virginia Inc. for \$1.5 million, which equated to a 37.5 percent interest in the company. As of December 31, 2022, the equity investment had a fair market value of \$1.1 million. As of December 31, 2023, the equity investment has been fully dissolved.

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(4) Notes and Bonds Payable

Notes and bonds payable at June 30, 2023 and December 31, 2023 and changes for the six months ended December 31, 2023 were as follows:

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
(Amounts shown in thousands)				
General operating accounts:				
Revolving line of credit:				
Bank of America				
floating daily rate				
(5.46% at December 31, 2023) with				
a termination date of December 1, 2024	\$ —	55,000	55,000	—
Federal Home Loan Bank				
varying fixed rate notes with 30 to 60-day maturities				
(average of 5.47% as of December 31, 2023 and				
4.19% at December 31, 2022), maturities range				
from December 1, 2023 to February 26, 2024	400,000	—	—	400,000
Total general operating				
accounts	\$ 400,000	55,000	55,000	400,000

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
Rental housing bond group:				
2012 Series D dated October 30, 2012, 4.15% effective interest rate, final due date October 1, 2042	\$ 116,050	—	5,920	110,130
2012 Series E dated November 2, 2013, 3.16% effective interest rate, final due date November 1, 2042	8,300	—	300	8,000
2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043	26,640	—	—	26,640
2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043	126,915	—	2,315	124,600
2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043	88,920	—	1,490	87,430
2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043	16,855	—	565	16,290
2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043	49,130	—	1,410	47,720
2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043	8,670	—	260	8,410
2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049	11,150	—	245	10,905
2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044	7,465	—	235	7,230
2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044	111,155	—	3,360	107,795
2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045	32,855	—	—	32,855
2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045	9,760	—	—	9,760
2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045	19,475	—	595	18,880

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045	\$ 30,035	—	915	29,120
2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045	71,570	—	2,015	69,555
2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046	4,125	—	—	4,125
2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046	60,230	—	930	59,300
2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046	4,095	—	120	3,975
2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046	6,950	—	215	6,735
2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049	25,555	—	—	25,555
2017 Series B dated June 13, 2017, 3.35% effective interest rate, final due date June 1, 2047	6,200	—	—	6,200
2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047	2,610	—	75	2,535
2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047	5,105	—	145	4,960
2017 Series E dated December 5, 2017, 3.28% effective interest rate, final due date December 1, 2050	44,805	—	1,085	43,720
2018 Series A dated March 27, 2018, 3.62% effective interest rate, final due date March 1, 2053	31,650	—	—	31,650
2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053	25,745	—	—	25,745
2018 Series C dated August 28, 2018, 3.63% effective interest rate, final due date August 1, 2053	18,065	—	355	17,710

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2018 Series D dated October 2, 2018, 3.79% effective interest rate, final due date October 1, 2053	\$ 69,780	—	1,350	68,430
2018 Series E dated December 4, 2018, 3.90% effective interest rate, final due date December 1, 2049	34,480	—	785	33,695
2019 Series A dated March 26, 2019, 3.70% effective interest rate, final due date March 1, 2054	60,270	—	625	59,645
2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054	16,290	—	—	16,290
2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054	48,700	—	895	47,805
2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054	48,680	—	910	47,770
2019 Series E dated December 12, 2019 3.00% effective interest rate, final due date December 1, 2054	56,890	—	7,360	49,530
2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055	72,870	—	—	72,870
2020 Series B dated March 25, 2020 2.38% effective interest rate, final due date March 1, 2055	67,285	—	1,700	65,585
2020 Series C dated April 28, 2020 3.57% effective interest rate, final due date April 1, 2055	191,640	—	—	191,640
2020 Series D dated May 27, 2020 3.58% effective interest rate, final due date June 1, 2055	423,590	—	1,420	422,170
2020 Series E dated July 28, 2020 2.40% effective interest rate, final due date July 1, 2055	44,770	—	425	44,345
2020 Series F dated July 21, 2020 3.09% effective interest rate, final due date July 1, 2055	200,000	—	4,065	195,935
2020 Series G dated October 14, 2020 2.29% effective interest rate, final due date September 1, 2055	21,420	—	260	21,160

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2020 Series H dated October 7, 2020 2.94% effective interest rate, final due date September 1, 2055	\$ 175,000	—	3,550	171,450
2020 Series I dated December 9, 2020 2.33% effective interest rate, final due date November 1, 2053	44,970	—	1,105	43,865
2020 Series J dated December 2, 2020 3.04% effective interest rate, final due date November 1, 2055	50,000	—	1,065	48,935
2021 Series A dated March 2, 2021 2.68% effective interest rate, final due date February 1, 2056	81,590	—	—	81,590
2021 Series B dated March 30, 2021 2.23% effective interest rate, final due date March 1, 2056	46,075	—	—	46,075
2021 Series C dated April 22, 2021 2.85% effective interest rate, final due date April 1, 2056	100,250	—	—	100,250
2021 Series D dated June 3, 2021 2.17% effective interest rate, final due date May 1, 2056	32,195	—	—	32,195
2021 Series E dated June 24, 2021 2.71% effective interest rate, final due date June 1, 2056	78,100	—	—	78,100
2021 Series F dated July 27, 2021 2.17% effective interest rate, final due date July 1, 2056	50,000	—	—	50,000
2021 Series G dated July 27, 2021 2.56% effective interest rate, final due date August 1, 2056	30,000	—	—	30,000
2021 Series H dated September 2, 2021 2.58% effective interest rate, final due date September 1, 2056	30,000	—	—	30,000
2021 Series I dated October 12, 2021 2.23% effective interest rate, final due date October 1, 2056	5,925	—	—	5,925
2021 Series J dated November 9, 2021 2.98% effective interest rate, final due date November 1, 2056	226,630	—	—	226,630
2021 Series K dated December 7, 2021 2.39% effective interest rate, final due date December 1, 2056	149,080	—	6,515	142,565
2022 Series A dated February 2, 2022 2.95% effective interest rate, final due date February 1, 2057	40,000	—	—	40,000

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2022 Series B dated March 8, 2022 3.12% effective interest rate, final due date March 1, 2057	\$ 57,755	—	—	57,755
2022 Series C dated March 29, 2022 3.91% effective interest rate, final due date April 1, 2057	50,000	—	—	50,000
2022 Series D dated May 3, 2022 3.91% effective interest rate, final due date May 1, 2057	23,425	—	—	23,425
2022 Series E dated June 30, 2022 4.12% effective interest rate, final due date June 1, 2057	41,750	—	—	41,750
2022 Series F dated October 5, 2022 4.81% effective interest rate, final due date October 1, 2057	59,210	—	—	59,210
2022 Series G dated November 30, 2022 5.03% effective interest rate, final due date November 1, 2064	95,100	—	—	95,100
2023 Series A dated February 9, 2023 5.28% effective interest rate, final due date February 1, 2066	60,000	—	—	60,000
2023 Series B dated March 8, 2023 4.65% effective interest rate, final due date March 1, 2065	40,250	—	—	40,250
2023 Series C dated June 1, 2023 4.21% effective interest rate, final due date May 1, 2060	7,850	—	—	7,850
2023 Series D dated August 3, 2023 4.58% effective interest rate, final due date August 1, 2065	—	110,895	—	110,895
2023 Series E dated October 12, 2023 5.03% effective interest rate, final due date October 1, 2065	—	56,630	—	56,630
2023 Series F dated November 30, 2023 5.16% effective interest rate, final due date May 1, 2067	—	167,855	—	167,855
	<u>3,901,900</u>	<u>335,380</u>	<u>54,580</u>	<u>4,182,700</u>
Unamortized premium	(780)	—	19	(761)
Total rental housing bonds	<u>\$ 3,901,120</u>			<u>4,181,939</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
Commonwealth mortgage bonds group:				
2006 Series C, dated June 8, 2006, 6.40% effective interest rate, final due date June 25, 2034	\$ 4,570	—	344	4,226
2008 Series B, dated April 10, 2008, 6.22% effective interest rate, final due date March 25, 2038	8,287	—	529	7,758
2008 Series C, dated November 18, 2008, 6.58% effective interest rate, final due date June 25, 2038	3,486	—	168	3,318
2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026	28,400	—	4,000	24,400
2012 Series B/C, dated December 20, 2012, 3.09% effective interest rate, final due date July 1, 2039.	204,170	—	—	204,170
2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042	16,556	—	790	15,766
2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043	18,729	—	703	18,026
2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043	17,883	—	1,061	16,822
2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037	27,871	—	1,756	26,115
2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2042	44,195	—	2,555	41,640
2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041	43,090	—	2,475	40,615
2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039	50,928	—	3,264	47,664

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049	\$ 46,506	—	2,718	43,788
2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049	61,321	—	2,541	58,780
2020 Series B, dated April 21, 2020, 2.75% effective interest rate, final due date October 25, 2046	75,974	—	4,248	71,726
2021 Series A, dated August 17, 2021, 2.13% effective interest rate, final due date July 25, 2051	134,183	—	4,560	129,623
2022 Series A, dated February 1, 2022, 2.88% effective interest rate, final due date February 25, 2052	39,152	—	874	38,278
2023 Series A, dated October 24, 2023, 5.07% effective interest rate, final due date November 1, 2053	—	100,000	—	100,000
2023 Series B, dated October 24, 2023, 6.39% effective interest rate, final due date November 1, 2053	—	150,000	—	150,000
2023 Series C, dated December 14, 2023, 4.67% effective interest rate, final due date January 1, 2054	—	50,000	—	50,000
2023 Series D, dated December 14, 2023, 6.03% effective interest rate, final due date January 1, 2054	—	100,000	—	100,000
2023 Series E-I, dated December 14, 2023, 3.85% effective interest rate, final due date January 1, 2025	—	200,000	—	200,000
2023 Series E-II, dated December 14, 2023, 3.90% effective interest rate, final due date July 1, 2025	—	155,000	—	155,000
	825,301	755,000	32,586	1,547,715
Unamortized premium	(289)	—	18	(271)
Total commonwealth mortgage bonds group	\$ 825,012			1,547,444

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
		(Amounts shown in thousands)		
Homeownership mortgage bonds group:				
2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042	37,583	—	1,723	35,860
Total homeownership mortgage bonds group	37,583	—	—	35,860
Total	\$ 5,163,715			6,165,243

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Notes and bonds payable at June 30, 2022 and December 31, 2022 and changes for the six months ended December 31, 2022 were summarized as follows (amounts in thousands):

Description	Balance at June 30, 2022	Issued	Retired	Increase/ (decrease) in unamortized premium/ discount	Balance at December 31, 2022
General operating accounts	\$ 710,300	90,000	400,000	-	400,300
Rental housing bonds group	3,718,567	154,310	40,060	(307)	3,832,510
Commonwealth mortgage bonds group	918,598	-	44,750	33	873,881
Homeownership mortgage bonds group	42,634	-	2,964	-	39,670
Total	<u>\$ 5,390,099</u>	<u>244,310</u>	<u>487,774</u>	<u>(274)</u>	<u>5,146,361</u>

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing January 1, 2024, and thereafter are as follows:

Year Ending December 31	Outstanding principal	Current interest	Total debt service
2024	\$ 538,039,040	210,605,988	748,645,028
2025	137,680,000	200,112,231	337,792,231
2026	155,555,000	195,775,196	351,330,196
2027	154,775,000	191,464,859	346,239,859
2028	169,375,000	186,848,488	356,223,488
2029-2033	761,390,000	860,082,482	1,621,472,482
2034-2038	823,671,855	724,990,797	1,548,662,652
2039-2043	1,059,138,168	558,865,912	1,618,004,080
2044-2048	836,081,502	371,624,999	1,207,706,501
2049-2053	1,057,484,712	197,300,553	1,254,785,265
2054-2058	338,175,000	53,771,112	391,946,112
2059-2063	86,940,000	21,711,091	108,651,091
2064-2068	47,970,000	3,792,208	51,762,208
Total	<u>\$ 6,166,275,277</u>	<u>3,776,945,916</u>	<u>9,943,221,193</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

(5) Loan Participation Payable to Federal Financing Bank

On March 23, 2015, the Authority was designated as a “qualified Housing Finance Agency” under the Risk-Sharing Act and entered into a Risk-Sharing Agreement with HUD. In conjunction with the Risk-Sharing Agreement, the Authority elected to participate in a program offered by the Federal Financing Bank (FFB) for the financing of rental housing mortgage loans. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase any obligation that is fully guaranteed by another federal agency. To the extent that FFB proceeds are utilized to finance certain mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bond Group other than on a temporary basis prior to such FFB financing. In February 2016, the Authority executed the necessary agreements to allow the Authority to participate in such FFB financing.

Under the program established by the Risk-Sharing Act (the “Risk-Sharing Program”), the Authority retains underwriting, mortgage loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, HUD agrees to make an initial claim payment of 100% of the loan’s unpaid principal balance and accrued interest, subject to certain adjustments that passes through the Authority to FFB. After a period during which the Authority may work toward curing the default, foreclosing the mortgage, or reselling the related project, any losses are calculated and apportioned between the Authority and HUD according to a specified risk-sharing percentage determined at the time of its endorsement for insurance. At its election, the Authority may choose a risk percentage ranging from 50% to 90%, which in turn determines its reimbursement obligation to HUD. During the intervening period prior to the final loss settlement, the Authority is obligated to pay interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of the initial claim payment.

For each rental housing mortgage loan to be financed by the FFB, the Authority will sell to the FFB a certificate representing a participation interest in the rental housing mortgage loan consisting of all principal payments due thereon and all interest payments due thereon, whereby the rate to FFB will be less than the mortgage loan interest rate. The participation proceeds from the FFB are recorded as a debt obligation payable to the FFB.

Under these agreements, the Authority will retain responsibility for originating, closing and servicing the rental housing mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority will remit the balance of each mortgage payment to U.S. Bank, N.A. (“Custodian”). The Custodian will fund any required account and pay the amounts due to the FFB, deduct their fees, then remit any amount remaining to the Authority as servicing fees.

Under the terms of the agreements in the Risk-Sharing Program, the Authority has sold certificates representing the beneficial interest in the following mortgage loans to FFB:

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)

Notes to Basic Financial Statements

December 31, 2023 and 2022

(Unaudited)

Description	Balance at June 30, 2023	Issued	Retired	Balance at December 31, 2023
Participation Certificates Outstanding:				
Colonnade at Rocktown - Note rate of 4.68%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.45%				
Maturity date of May 1, 2047	\$ 2,684,994	—	30,858	2,654,136
Wilsondale II - Note rate of 4.47%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.12%				
Maturity date of July 1, 2047	6,962,410	—	81,440	6,880,970
Baker Woods - Note rate of 3.91%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.89%				
Maturity date of December 1, 2052	5,140,732	—	46,849	5,093,883
Twin Canal Village - Note rate of 3.82%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.18%				
Maturity date of April 1, 2043	6,281,380	—	106,959	6,174,421
Treesdale - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	3,431,896	—	38,082	3,393,814
Landing at Weyers Cove - Note rate of 4.22%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 3.30%				
Maturity date of November 1, 2048	2,256,991	—	25,045	2,231,946
Belle Hall - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	4,117,625	—	47,773	4,069,852
Campostella Commons - Note rate of 3.57%				
Risk-Share percentage (10% HUD / 90% VHDA)				
Pass-through rate of 2.72%				
Maturity date of September 1, 2049	3,146,050	—	36,500	3,109,550
Total participation certificates payable	\$ 34,022,078	—	413,506	33,608,572

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
December 31, 2023
(Unaudited)

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 184,597,384	774,811,284	781,502,826	31,085,634	1,771,997,128
Investments	28,930,976	178,907,266	176,464,670	7,156,088	391,459,000
Interest receivable – investments	3,051,370	8,467,446	6,434,555	345,182	18,298,553
Mortgage loans held for sale	-	-	34,512,719	-	34,512,719
Mortgage and other loans receivable, net	9,975,647	101,369,258	63,422,340	4,100,077	178,867,322
Interest receivable – mortgage and other loans	989,035	20,157,434	5,929,780	279,954	27,356,203
Other real estate owned	3,200,723	-	1,026,034	83,000	4,309,757
Other assets	20,114,645	-	4,022	-	20,118,667
Total current assets	<u>250,859,780</u>	<u>1,083,712,688</u>	<u>1,069,296,946</u>	<u>43,049,935</u>	<u>2,446,919,349</u>
Noncurrent assets:					
Investments	503,176,151	-	257,811,437	-	760,987,588
Mortgage and other loans receivable	387,361,488	4,909,642,882	1,813,400,449	95,949,272	7,206,354,091
Less allowance for loan loss	37,014,400	53,886,672	32,087,602	887,255	123,875,929
Mortgage and other loans receivable, net	<u>350,347,088</u>	<u>4,855,756,210</u>	<u>1,781,312,847</u>	<u>95,062,017</u>	<u>7,082,478,162</u>
Capital Assets, net of accumulated depreciation and amortization of \$74,052,202	24,193,374	6,574,690	-	-	30,768,064
Mortgage servicing rights, net	32,881,177	-	-	-	32,881,177
Other Assets	17,385,728	-	-	-	17,385,728
Total noncurrent assets	<u>927,983,518</u>	<u>4,862,330,900</u>	<u>2,039,124,284</u>	<u>95,062,017</u>	<u>7,924,500,719</u>
Total assets	<u><u>1,178,843,298</u></u>	<u><u>5,946,043,588</u></u>	<u><u>3,108,421,230</u></u>	<u><u>138,111,952</u></u>	<u><u>10,371,420,068</u></u>
Deferred outflows of resources					
Other postemployment benefits - change in assumptions	1,914,127	-	-	-	1,914,127
Other postemployment benefits - difference between expected and actual experience	6,130,868	-	-	-	6,130,868
Other postemployment benefits - difference between projected and actual earning	3,213,143	-	-	-	3,213,143
Total Deferred outflows of resources	<u>11,258,138</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,258,138</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
December 31, 2023
(Unaudited)

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Liabilities					
Current liabilities:					
Notes and bonds payable	400,000,000	93,385,000	43,156,104	1,497,936	538,039,040
Accrued interest payable on notes and bonds	697,607	33,272,653	7,773,731	97,121	41,841,112
Escrows	39,973,585	-	-	-	39,973,585
Federal grand awards held	17,915,624	-	-	-	17,915,624
Derivative instruments	-	-	558,418	-	558,418
Accounts payable and other liabilities	41,186,777	-	179,173	-	41,365,950
Total current liabilities	<u>499,773,593</u>	<u>126,657,653</u>	<u>51,667,426</u>	<u>1,595,057</u>	<u>679,693,729</u>
Noncurrent liabilities:					
Bonds payable, net	-	4,088,554,198	1,504,288,249	34,361,949	5,627,204,396
Project reserves	114,155,881	-	-	-	114,155,881
Loan participation payable to Federal Financing Bank	33,608,572	-	-	-	33,608,572
Other (assets) liabilities	17,231,671	-	-	-	17,231,671
Total noncurrent liabilities	<u>164,996,124</u>	<u>4,088,554,198</u>	<u>1,504,288,249</u>	<u>34,361,949</u>	<u>5,792,200,520</u>
Total liabilities	<u>664,769,717</u>	<u>4,215,211,851</u>	<u>1,555,955,675</u>	<u>35,957,006</u>	<u>6,471,894,249</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	446,884	62,526,879	-	-	62,973,763
Other postemployment benefits - change in assumptions	586,871	-	-	-	586,871
Other postemployment benefits - difference between expected and actual experience	941,509	-	-	-	941,509
Total deferred inflows of resources	<u>1,975,264</u>	<u>62,526,879</u>	<u>-</u>	<u>-</u>	<u>64,502,143</u>
Net position:					
Net investment in capital assets	8,287,111	11,063	-	-	8,298,174
Restricted by bond indentures	-	1,668,293,795	1,552,465,555	102,154,946	3,322,914,296
Unrestricted	515,069,344	-	-	-	515,069,344
Total net position	<u>\$ 523,356,455</u>	<u>1,668,304,858</u>	<u>1,552,465,555</u>	<u>102,154,946</u>	<u>3,846,281,814</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Six months ended December 31, 2023
(Unaudited)

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 14,423,565	108,951,518	43,298,434	2,118,408	168,791,925
Housing Choice Voucher program administrative income	5,386,404	-	-	-	5,386,404
Gains and recoveries on sale of other real estate owned	105,332	323,075	258,152	-	686,559
Gains on sale of single family mortgage loans	-	-	6,586,065	-	6,586,065
Mortgage servicing fees net of guaranty fees	21,132,674	-	-	-	21,132,674
Other	11,357,111	6,138,302	1,787	-	17,497,200
Total operating revenues	<u>52,405,086</u>	<u>115,412,895</u>	<u>50,144,438</u>	<u>2,118,408</u>	<u>220,080,827</u>
Operating expenses:					
Interest on notes and bonds payable	11,315,812	66,327,275	15,600,733	595,130	93,838,950
Salaries and related employee benefits	38,687,611	-	-	-	38,687,611
General operating expenses	23,150,770	-	960	-	23,151,730
Note and bond expenses	710,697	-	-	-	710,697
Bond issuance expenses	58,034	2,031,649	2,808,252	-	4,897,935
Grant expenses	29,980,450	-	-	-	29,980,450
Housing Choice Voucher program expenses	5,080,186	-	-	-	5,080,186
Mortgage servicing rights amortization and other servicing costs	10,804,130	-	2,692,221	-	13,496,351
Losses on other real estate owned	509,834	-	119,492	5,471	634,797
Provision for loan losses	(1,910,140)	9,628,942	2,763,162	65,722	10,547,686
Total operating expenses	<u>118,387,384</u>	<u>77,987,866</u>	<u>23,984,820</u>	<u>666,323</u>	<u>221,026,393</u>
Operating income (expense)	<u>(65,982,298)</u>	<u>37,425,029</u>	<u>26,159,618</u>	<u>1,452,085</u>	<u>(945,566)</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	110,120,512	-	-	-	110,120,512
Pass-through grants expenses	(110,120,512)	-	-	-	(110,120,512)
Investment income	10,921,835	23,911,678	17,136,606	954,624	52,924,743
Realized loss on investments	(1,879)	-	(26,239)	-	(28,118)
Unrealized loss on investments	1,110,057	585,861	7,443,873	23,434	9,163,225
Other, net	20,234	-	-	-	20,234
Total nonoperating revenues, net	<u>12,050,247</u>	<u>24,497,539</u>	<u>24,554,240</u>	<u>978,058</u>	<u>62,080,084</u>
Income (loss) before transfers	<u>(53,932,051)</u>	<u>61,922,568</u>	<u>50,713,858</u>	<u>2,430,143</u>	<u>61,134,518</u>
Transfers between funds	119,138,277	(58,868,639)	(60,282,291)	12,653	-
Change in net position	<u>65,206,226</u>	<u>3,053,929</u>	<u>(9,568,433)</u>	<u>2,442,796</u>	<u>61,134,518</u>
Total net position, beginning of year	458,150,229	1,665,250,929	1,562,033,988	99,712,150	3,785,147,296
Total net position, end of six months	<u>\$ 523,356,455</u>	<u>1,668,304,858</u>	<u>1,552,465,555</u>	<u>102,154,946</u>	<u>3,846,281,814</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Fiduciary Net Position

Fiduciary Funds - Custodial Funds

December 31, 2023

(Unaudited)

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 55,809,970	5,074,062	3,675,249	2,111,953	66,671,234
Interest receivable - investments	-	46,585	22,293	13,457	82,335
Interest receivable - mortgage and other loans	-	62,949	76,384	9,866	149,199
Other assets	-	212	-	-	212
Total current assets	<u>55,809,970</u>	<u>5,183,808</u>	<u>3,773,926</u>	<u>2,135,276</u>	<u>66,902,980</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,177,870	-	-	2,177,870
Total noncurrent assets	<u>-</u>	<u>2,177,870</u>	<u>-</u>	<u>-</u>	<u>2,177,870</u>
Total assets	<u>55,809,970</u>	<u>7,361,678</u>	<u>3,773,926</u>	<u>2,135,276</u>	<u>69,080,850</u>
LIABILITIES					
Other liabilities	-	2,248,669	3,573,716	2,020,081	7,842,466
Total liabilities	<u>-</u>	<u>2,248,669</u>	<u>3,573,716</u>	<u>2,020,081</u>	<u>7,842,466</u>
NET POSITION					
Restricted for:					
Other postemployment benefit plan other than pension	55,809,970	-	-	-	55,809,970
Funds held in escrow	-	5,113,009	200,210	115,195	5,428,414
Other governmental agency	-	-	-	-	-
Total Net Position	<u>\$ 55,809,970</u>	<u>5,113,009</u>	<u>200,210</u>	<u>115,195</u>	<u>61,238,384</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Six months ended December 31, 2023
(Unaudited)

	Escrow Funds (GNMA, FNMA, FHLMC, Habitat)	Commonwealth Priority Housing Fund	Virginia Housing Trust Fund	National Housing Trust Fund	Total Custodial Funds
ADDITIONS					
Contribution:					
Borrower payments	\$ 788,875,580	-	-	-	788,875,580
Employers	-	26,268	81,427	34,440	142,135
Total Contributions	<u>788,875,580</u>	<u>26,268</u>	<u>81,427</u>	<u>34,440</u>	<u>789,017,715</u>
Investment earnings:					
Interest, dividends, and other	-	513,060	243,276	99,332	855,668
Total investment earnings	<u>-</u>	<u>513,060</u>	<u>243,276</u>	<u>99,332</u>	<u>855,668</u>
Total additions	<u>788,875,580</u>	<u>539,328</u>	<u>324,703</u>	<u>133,772</u>	<u>789,873,383</u>
DEDUCTIONS					
Other governmental agency	-	908,895	197,757	55,169	1,161,821
Disbursement of escrow funds	808,401,091	-	-	-	808,401,091
Total deductions	<u>808,401,091</u>	<u>908,895</u>	<u>197,757</u>	<u>55,169</u>	<u>809,562,912</u>
Net (decrease)/increase in fiduciary net position	(19,525,511)	(369,567)	126,946	78,603	(19,689,529)
Net position - beginning of year	75,335,481	5,482,576	73,264	36,592	80,927,913
Net position - end of six months	<u>\$ 55,809,970</u>	<u>5,113,009</u>	<u>200,210</u>	<u>115,195</u>	<u>61,238,384</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position (as restated)
December 31, 2022
(Unaudited)

Assets	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current assets:					
Cash and cash equivalents	\$ 320,076,793	1,028,092,060	380,145,388	27,630,904	1,755,945,145
Interest receivable – investments	2,073,499	3,199,066	2,182,061	82,763	7,537,389
Derivative instruments	-	-	536,399	-	536,399
Mortgage loans held for sale	-	-	100,996,971	-	100,996,971
Mortgage and other loans receivable, net	9,120,917	100,387,462	63,926,064	4,143,203	177,577,646
Interest receivable – mortgage and other loans	888,467	17,663,094	4,703,626	295,884	23,551,071
Other real estate owned	6,697,634	427,000	710,854	83,000	7,918,488
Other assets	36,276,368	-	8,289	-	36,284,657
Total current assets	<u>375,133,678</u>	<u>1,149,768,682</u>	<u>553,209,652</u>	<u>32,235,754</u>	<u>2,110,347,766</u>
Noncurrent assets:					
Investments	499,340,058	-	327,764,801	1,124,337	828,229,196
Mortgage and other loans receivable	330,826,574	4,471,620,735	1,548,841,629	105,523,129	6,456,812,067
Less allowance for loan loss	44,883,363	50,110,554	36,779,516	1,048,762	132,822,195
Mortgage and other loans receivable, net	<u>285,943,211</u>	<u>4,421,510,181</u>	<u>1,512,062,113</u>	<u>104,474,367</u>	<u>6,323,989,872</u>
Capital Assets, net of accumulated depreciation and amortization of \$67,176,462	32,914,426	7,271,443	-	-	40,185,869
Mortgage servicing rights, net	42,413,617	-	-	-	42,413,617
Other Assets	19,104,506	-	-	-	19,104,506
Total noncurrent assets	<u>879,715,818</u>	<u>4,428,781,624</u>	<u>1,839,826,914</u>	<u>105,598,704</u>	<u>7,253,923,060</u>
Total assets	<u><u>1,254,849,496</u></u>	<u><u>5,578,550,306</u></u>	<u><u>2,393,036,566</u></u>	<u><u>137,834,458</u></u>	<u><u>9,364,270,826</u></u>
Deferred outflows of resources					
Other postemployment benefits - change in assumptions	1,911,020	-	-	-	1,911,020
Other postemployment benefits - difference between expected and actual experience	6,868,575	-	-	-	6,868,575
Total Deferred outflows of resources	<u><u>8,779,595</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>8,779,595</u></u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position (as restated)
December 31, 2022
(Unaudited)

Liabilities	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Current liabilities:					
Notes and bonds payable	400,300,000	81,910,000	41,084,211	1,506,413	524,800,624
Accrued interest payable on notes and bonds	900,123	28,061,008	4,433,886	107,440	33,502,457
Escrows	33,713,558	-	-	-	33,713,558
Federal grand awards held	171,916,176	-	-	-	171,916,176
Accounts payable and other liabilities	24,716,643	-	195,980	-	24,912,623
Total current liabilities	<u>631,546,500</u>	<u>109,971,008</u>	<u>45,714,077</u>	<u>1,613,853</u>	<u>788,845,438</u>
Noncurrent liabilities:					
Bonds payable, net	-	3,750,599,979	832,796,636	38,163,745	4,621,560,360
Project reserves	106,991,167	-	-	-	106,991,167
Loan participation payable to Federal Financing Bank	34,427,343	-	-	-	34,427,343
Other (assets) liabilities	23,088,010	-	-	-	23,088,010
Total noncurrent liabilities	<u>164,506,520</u>	<u>3,750,599,979</u>	<u>832,796,636</u>	<u>38,163,745</u>	<u>4,786,066,880</u>
Total liabilities	<u>796,053,020</u>	<u>3,860,570,987</u>	<u>878,510,713</u>	<u>39,777,598</u>	<u>5,574,912,318</u>
Deferred inflows of resources					
Deferred fees and points on multifamily loans	472,018	62,847,836	-	-	63,319,854
Other postemployment benefits - change in assumptions	665,047	-	-	-	665,047
Other postemployment benefits - difference between expected and actual experience	124,609	-	-	-	124,609
Other postemployment benefits - difference between projected and actual earning	5,757,970	-	-	-	5,757,970
Total deferred inflows of resources	<u>7,019,644</u>	<u>62,847,836</u>	<u>-</u>	<u>-</u>	<u>69,867,480</u>
Net position:					
Net investment in capital assets	10,989,347	402,939	-	-	11,392,286
Restricted by bond indentures	-	1,654,728,544	1,514,525,853	98,056,860	3,267,311,257
Unrestricted	449,567,080	-	-	-	449,567,080
Total net position	<u>\$ 460,556,427</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,728,270,623</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Revenues, Expenses, and Changes in Net Position (as restated)
Six months ended December 31, 2022
(Unaudited)

	General Operating Accounts	Rental Housing Bond Group	Commonwealth Mortgage Bond Group	Home- ownership Bond Group	Total
Operating revenues:					
Interest on mortgage and other loans receivable	\$ 8,754,957	100,745,796	39,103,146	2,460,490	151,064,389
Housing Choice Voucher program administrative income	5,122,450	-	-	-	5,122,450
Gains and recoveries on sale of other real estate owned	50,635	-	153,132	2,189	205,956
Gains on sale of single family mortgage loans	-	-	1,043,578	-	1,043,578
Mortgage servicing fees net of guaranty fees	20,873,794	-	-	-	20,873,794
Other	6,656,209	3,044,718	5,551	-	9,706,478
Total operating revenues	<u>41,458,045</u>	<u>103,790,514</u>	<u>40,305,407</u>	<u>2,462,679</u>	<u>188,016,645</u>
Operating expenses:					
Interest on notes and bonds payable	7,767,918	58,662,214	13,260,678	664,670	80,355,480
Salaries and related employee benefits	36,400,105	-	-	-	36,400,105
General operating expenses	18,518,046	-	-	-	18,518,046
Note and bond expenses	1,035,295	-	-	-	1,035,295
Bond issuance expenses	5,577	970,340	-	-	975,917
Grant expenses	33,423,238	-	-	-	33,423,238
Housing Choice Voucher program expenses	4,104,241	-	-	-	4,104,241
Mortgage servicing rights amortization and other servicing costs	13,986,088	-	(999,725)	-	12,986,363
Losses on other real estate owned	902,877	-	420,132	11,219	1,334,228
Provision for loan losses	(2,300,839)	(5,784,296)	(2,073,321)	(65,042)	(10,223,498)
Total operating expenses	<u>113,842,546</u>	<u>53,848,258</u>	<u>10,607,764</u>	<u>610,847</u>	<u>178,909,415</u>
Operating income (expense)	<u>(72,384,501)</u>	<u>49,942,256</u>	<u>29,697,643</u>	<u>1,851,832</u>	<u>9,107,230</u>
Nonoperating revenues (expenses):					
Pass-through grant awards	94,970,790	-	-	-	94,970,790
Pass-through grants expenses	(94,970,790)	-	-	-	(94,970,790)
Investment income	13,020,780	14,312,061	10,644,935	344,705	38,322,481
Realized loss on investments	(3,758)	-	(41,933,169)	-	(41,936,927)
Unrealized loss on investments	4,128,369	-	(28,849,777)	-	(24,721,408)
Other, net	14,586	-	-	-	14,586
Total nonoperating revenues, net	<u>17,159,977</u>	<u>14,312,061</u>	<u>(60,138,011)</u>	<u>344,705</u>	<u>(28,321,268)</u>
Income (loss) before transfers	<u>(55,224,524)</u>	<u>64,254,317</u>	<u>(30,440,368)</u>	<u>2,196,537</u>	<u>(19,214,038)</u>
Transfers between funds	86,037,817	(94,029,931)	7,949,475	42,639	-
Change in net position	<u>30,813,293</u>	<u>(29,775,614)</u>	<u>(22,490,893)</u>	<u>2,239,176</u>	<u>(19,214,038)</u>
Total net position, beginning of year	429,743,134	1,684,907,097	1,537,016,746	95,817,684	3,747,484,661
Total net position, end of six months	<u>\$ 460,556,427</u>	<u>1,655,131,483</u>	<u>1,514,525,853</u>	<u>98,056,860</u>	<u>3,728,270,623</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
December 31, 2022
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virginia Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 56,392,292	4,837,790	699,119	2,333,609	64,262,810
Interest receivable - investments	-	11,894	9,140	6,791	27,825
Interest receivable - mortgage and other loans	-	1,046	60,438	8,625	70,109
Other assets	-	64,212	-	-	64,212
Total current assets	<u>56,392,292</u>	<u>4,914,942</u>	<u>768,697</u>	<u>2,349,025</u>	<u>64,424,956</u>
Noncurrent assets:					
Mortgage and other loans receivable	-	2,702,870	28,984,771	9,800,847	41,488,488
Total noncurrent assets	<u>-</u>	<u>2,702,870</u>	<u>28,984,771</u>	<u>9,800,847</u>	<u>41,488,488</u>
Total assets	<u>56,392,292</u>	<u>7,617,812</u>	<u>29,753,468</u>	<u>12,149,872</u>	<u>105,913,444</u>
LIABILITIES					
Other liabilities	-	2,202,510	1,538,174	2,317,249	6,057,933
Total liabilities	<u>-</u>	<u>2,202,510</u>	<u>1,538,174</u>	<u>2,317,249</u>	<u>6,057,933</u>
NET POSITION					
Restricted for:					
Funds held in escrow	56,392,292	-	-	-	56,392,292
Other governmental agency	-	5,415,302	28,215,294	9,832,623	43,463,219
Total Net Position	<u>\$ 56,392,292</u>	<u>5,415,302</u>	<u>28,215,294</u>	<u>9,832,623</u>	<u>99,855,511</u>

VIRGINIA HOUSING DEVELOPMENT AUTHORITY
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Six months ended December 31, 2022
(Unaudited)

	<u>Escrow Funds (GNMA, FNMA, FHLMC, Habitat)</u>	<u>Commonwealth Priority Housing Fund</u>	<u>Virgina Housing Trust Fund</u>	<u>National Housing Trust Fund</u>	<u>Total Custodial Funds</u>
ADDITIONS					
Contribution:					
Borrower payments	\$ 912,171,414	-	-	-	912,171,414
Employers	-	24,882	76,208	30,687	131,777
Other governmental agency minus Employers	-	-	3,820,000	800,000	4,620,000
Total Contributions	<u>912,171,414</u>	<u>24,882</u>	<u>3,896,208</u>	<u>830,687</u>	<u>916,923,191</u>
Investment earnings:					
Interest, dividends, and other	-	54,555	34,574	21,410	110,539
Total investment earnings	<u>-</u>	<u>54,555</u>	<u>34,574</u>	<u>21,410</u>	<u>110,539</u>
Total additions	<u>912,171,414</u>	<u>79,437</u>	<u>3,930,782</u>	<u>852,097</u>	<u>917,033,730</u>
DEDUCTIONS					
Other governmental agency	-	-	28,363	-	28,363
Disbursement of escrow funds	949,515,285	-	-	-	949,515,285
Total deductions	<u>949,515,285</u>	<u>-</u>	<u>28,363</u>	<u>-</u>	<u>949,543,648</u>
Net (decrease)/increase in fiduciary net position	(37,343,871)	79,437	3,902,419	852,097	(32,509,918)
Net position - beginning of year	93,736,163	5,335,865	24,312,875	8,980,526	132,365,429
Net position - end of six months	<u>\$ 56,392,292</u>	<u>5,415,302</u>	<u>28,215,294</u>	<u>9,832,623</u>	<u>99,855,511</u>

DATA ON SINGLE FAMILY MORTGAGE LOANS

This appendix presents current and recent data regarding the performance and type of single family mortgage loans that are either Authority assets or potential liabilities of the Authority because of certain payment and repurchase obligations. Also disclosed is the aggregate balance and percentage of single family mortgage loans in forbearance. The single family mortgage loans that are assets are pledged to the Commonwealth Mortgage Bonds Resolution, pledged to the Homeownership Mortgage Bonds Resolution, or are held in the Authority's General Fund. The single family mortgage loans that are potential liabilities because of certain payment and repurchase obligations are the Ginnie Mae Mortgage Loans and the Fannie Mae Mortgage Loans still in a Repurchase Obligation Period and the single family mortgage loans that are potential liabilities because of certain temporary payment obligations during periods of forbearance are Ginnie Mae Mortgage Loans, Fannie Mae Mortgage Loans, and single family mortgage loans in an Authority Mortgage Backed Security. Note also that outstanding Homeownership Mortgage Bonds and Commonwealth Mortgage Bonds that are not pass-throughs also impose payment obligations on the Authority and the Authority's ability to make those payments could be negatively impacted by mortgage loans in forbearance. The data is presented in the appropriate sections below which are in the same order as they are listed in this paragraph.

Defined terms used and not otherwise defined in this Appendix B have the meaning set forth in the body of this Official Statement.

Introduction to the Data

Loans in forbearance are not the equivalent of loans with loan modifications, which are discussed in "Loan Modifications" in "The Single Family Program" in "Part II – Summary of Programs," above. The loans the Authority is servicing which are in forbearance have been put in forbearance because their respective borrowers exercised the right given them by the CARES Act to request forbearance or took advantage of the Authority's voluntary offers of forbearance to those borrowers not covered by the CARES Act. Loans in forbearance will cause the Authority to advance its own funds for a period of time so that payments continue to Fannie Mae, Freddie Mac, Ginnie Mae, and to investors in the Authority's pass-through bonds. The Authority reasonably expects to recover a substantial portion of the funds so advanced, but the Authority can give no assurance of either how much of such funds it will recover or how long it will take to recover such advanced funds.

All references to dollar amounts in this Appendix B are in millions, rounded to the nearest million, unless otherwise indicated. Certain amounts in certain charts may not sum to the total shown due to rounding.

As of December 31, 2023, the Authority's single family mortgage loan portfolio, including single family mortgage loans serviced by the Authority but not assets of the Authority, was identified as follows:

Commonwealth Bonds Mortgage Loans:	
Unsecuritized Loans	\$1,902
Fannie Mae Mortgage Loans still in a repurchase obligation period	0
Fannie Mae Mortgage Loans not in a repurchase obligation period	89
Ginnie Mae Mortgage Loans	227
Homeownership Bonds Mortgage Loans*	100
Mortgage Loans in the Authority's General Fund:	
Unsecuritized Loans	318
Fannie Mae Mortgage Loans still in a repurchase obligation period	5
Fannie Mae Mortgage Loans not in a repurchase obligation period	27
Ginnie Mae Mortgage Loans	524
Mortgage Loans in securities sold to third parties:	
Ginnie Mae Mortgage Loans	4,313
Fannie Mae Mortgage Loans still in a repurchase obligation period	23
Fannie Mae Mortgage Loans not in a repurchase obligation period	1,420
Freddie Mac Mortgage Loans	<u>174</u>
Total	\$9,121

* All Homeownership Bonds Mortgage Loans are unsecuritized loans.

Commonwealth Bonds Mortgage Loans

The outstanding balance, delinquency, forbearance and foreclosure statistics for single family mortgage loans pledged to the Commonwealth Mortgage Bonds Resolution ("Commonwealth Bonds Mortgage Loans"), including mortgage loans in a Ginnie Mae security that is itself pledged to the Commonwealth Mortgage Bonds Resolution, as of the end of each fiscal year since 2003 and for the most recent quarter and, if available, most recent month are set forth below.

Historical Mortgage Loan Performance and Forbearance*

As of June 30	Outstanding Balance of Mortgage Loans	Outstanding Balance of Delinquent** Mortgage Loans	Percentage of Mortgage Loans Delinquent**	Outstanding Balance of Mortgage Loans in Foreclosure	Percentage of Mortgage Loans in Foreclosure	Outstanding Balance of Mortgage Loans in Forbearance	Percentage of Mortgage Loans in Forbearance
2003	\$2,895	\$63	2.2%	\$9	0.3%	\$ -	- %
2004	2,444	52	2.1	6	0.3	-	-
2005	2,606	44	1.7	5	0.2	-	-
2006	3,276	45	1.4	3	0.1	-	-
2007	4,184	57	1.4	7	0.2	-	-
2008	4,690	92	2.0	17	0.4	-	-
2009	4,862	223	4.6	22	0.5	-	-
2010	4,599	255	5.5	50	1.1	-	-
2011	4,157	215	5.2	56	1.4	-	-
2012	3,831	207	5.4	43	1.1	-	-
2013	3,651	183	5.0	57	1.6	-	-
2014	3,606	146	4.0	47	1.3	-	-
2015	3,275	157	4.8	34	1.0	-	-
2016	2,984	132	4.4	33	1.1	-	-
2017	2,711	101	3.7	30	1.1	-	-
2018	2,431	94	3.9	15	0.6	-	-
2019	2,242	96	4.3	11	0.5	-	-
2020	2,137	65	3.0	7	0.3	149	7.0
2021	2,149	41	1.9	4	0.2	137	6.4
2022	2,202	46	2.1	4	0.2	71	3.2
2023	2,137	71	3.3	5	0.3	27	1.3
2023 (December 31)	2,218	105	4.7	3	0.1	4	0.2
2024 (March 31)	2,209	96	4.3	7	0.3	3	0.1

* Forbearance mandated by the CARES Act or offered voluntarily by the Authority. A mortgage loan in forbearance is not considered delinquent.

** Two or more monthly payments delinquent (excluding loans in foreclosure).

As of December 31, 2023 the Authority held title to 5 single family properties which were financed by Commonwealth Bonds Mortgage Loans and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loans that financed such properties was less than \$1 million, as of their dates of foreclosure.

The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of Commonwealth Bonds Mortgage Loans are level payment mortgage loans. The non-level payment mortgage loans are all the result of loan modifications.

Current Mortgage Loan Categories

The following categories of Commonwealth Bonds Mortgage Loans had the following aggregate outstanding principal balances, as of December 31, 2023:

Self-Insured First Mortgage Loans	\$458
Self-Insured Second Mortgage Loans	159
Insured by FHA	943
Guaranteed by VA	93
Guaranteed by RD	65
Insured by private mortgage insurance	<u>499</u>
Total	\$2,218

The following chart shows the distribution and the delinquency and foreclosure status, as of December 31, 2023, of Commonwealth Bonds Mortgage Loans by calendar year of origination.

Mortgage Loan Delinquency by Year of Origination

<u>Year of Origination</u>	<u>Outstanding Balance of Mortgage Loans</u>	<u>Percentage of Outstanding Balance</u>	<u>Outstanding Balance of Delinquent* Mortgage Loans</u>	<u>Percentage of Mortgage Loans Delinquent*</u>	<u>Outstanding Balance of Mortgage Loans in Foreclosure</u>	<u>Percentage of Mortgage Loans in Foreclosure</u>
<u>All Loans</u>						
2017 and earlier	\$881	39.7%	\$49	5.6%	\$1	2.2%
2018	11	0.5	1	8.0	0	0.0
2019	135	6.1	5	3.8	0	4.6
2020	182	8.2	9	4.8	0	3.6
2021	411	18.5	18	4.4	0	2.4
2022	220	9.9	18	8.2	0	2.5
<u>2023 year-to-date</u>	<u>377</u>	<u>17.0</u>	<u>5</u>	<u>1.3</u>	<u>0</u>	<u>0.0</u>
Total	\$2,218	100.0%	\$105	4.7%	\$3	0.1%

<u>Self-Insured Only</u>						
2017 and earlier	\$432	69.9%	\$15	3.5%	\$0	1.5%
2018	9	1.5	1	7.0	0	0.0
2019	39	6.4	1	3.8	0	0.0
2020	34	5.6	1	3.2	0	0.0
2021	46	7.5	2	3.4	0	0.0
2022	24	3.9	1	3.9	0	0.0
<u>2023 year-to-date</u>	<u>32</u>	<u>5.2</u>	<u>0</u>	<u>1.1</u>	<u>0</u>	<u>0.0</u>
Total	\$617	100.0%	\$21	3.4%	\$0	0.0%

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances, as of December 31, 2023, of Commonwealth Bonds Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

<u>Credit Score</u>	<u>Outstanding Balance of FHA Insured Mortgage Loans</u>	<u>Outstanding Balance of VA Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of RD Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of PMI Insured Mortgage Loans</u>	<u>Outstanding Balance of Self-Insured Mortgage Loans</u>	<u>Outstanding Balance of All Mortgage Loans</u>
300 through 539	\$124	\$7	\$5	\$9	\$13	\$158
540 through 579	56	3	4	5	14	82
580 through 619	84	6	4	8	19	121
620 through 659	153	14	8	20	31	227
660 through 699	183	16	9	62	52	322
700 through 739	140	16	13	104	61	333
740 through 779	106	17	11	151	103	387
780 through 850	81	13	10	130	162	397
<u>Not available</u>	<u>17</u>	<u>2</u>	<u>1</u>	<u>8</u>	<u>163</u>	<u>190</u>
Total	\$943	\$93	\$65	\$499	\$617	\$2,218

Homeownership Bonds Mortgage Loans

The outstanding balance, delinquency, forbearance and foreclosure statistics for single family mortgage loans pledged to the Homeownership Mortgage Bonds Resolution (“Homeownership Bonds Mortgage Loans”) as of the end of each fiscal year since 2010 and for the most recent quarter and, if available, most recent month are set forth below. The Authority financed Homeownership Bonds Mortgage Loans between 2009 and 2012.

Historical Mortgage Loan Performance and Forbearance*

As of June 30	Outstanding Balance of Mortgage Loans	Outstanding Balance of Delinquent** Mortgage Loans	Percentage of Mortgage Loans Delinquent**	Outstanding Balance of Mortgage Loans in Foreclosure	Percentage of Mortgage Loans in Foreclosure	Outstanding Balance of Mortgage Loans in Forbearance	Percentage of Mortgage Loans in Forbearance
2010	\$237	\$0	0.1%	\$0	0.0%	\$-	-%
2011	517	8	1.5	1	0.2	-	-
2012	717	21	3.0	3	0.5	-	-
2013	468	33	7.0	7	1.6	-	-
2014	429	24	5.5	9	2.0	-	-
2015	384	26	6.9	7	1.9	-	-
2016	335	25	7.5	7	2.0	-	-
2017	290	18	6.2	5	1.9	-	-
2018	259	17	6.6	3	1.3	-	-
2019	231	17	7.5	2	0.8	-	-
2020	171	10	5.6	1	0.7	14	8.1
2021	140	6	4.5	1	0.5	14	10.2
2022	116	4	3.7	1	0.4	6	4.8
2023	105	5	5.1	0	0.2	2	1.7
2023 (December 31)	100	7	6.7	0	0.3	0	0.1
2024 (March 31)	98	7	7.1	0	0.2	0	0.3

* Forbearance mandated by the CARES Act or offered voluntarily by the Authority. A mortgage loan in forbearance is not considered delinquent.

** Two or more monthly payments delinquent (excluding loans in foreclosure).

As of December 31, 2023 the Authority held title to 1 single family property which was financed by Homeownership Bonds Mortgage Loans and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loan that financed such property was less than \$1 million, as of its date of foreclosure.

The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of Homeownership Bonds Mortgage Loans are level payment mortgage loans. The non-level payment mortgage loans, if any, are all the result of loan modifications.

Current Mortgage Loan Categories

The following categories of Homeownership Bonds Mortgage Loans had the following aggregate outstanding principal balances, as of December 31, 2023:

Self-Insured First Mortgage Loans	\$20
Self-Insured Second Mortgage Loans	3
Insured by FHA	73
Guaranteed by VA	1
Guaranteed by RD	3
<u>Insured by private mortgage insurance</u>	<u>0</u>
Total	\$100

The following chart shows the distribution of outstanding balances, as of December 31, 2023, of Homeownership Bonds Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

<u>Credit Score</u>	<u>Outstanding Balance of FHA Insured Mortgage Loans</u>	<u>Outstanding Balance of VA Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of RD Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of PMI Insured Mortgage Loans</u>	<u>Outstanding Balance of Self-Insured Mortgage Loans</u>	<u>Outstanding Balance of All Mortgage Loans</u>
300 through 539	\$7	\$0	\$0	\$0	\$1	\$8
540 through 579	5	0	0	0	1	6
580 through 619	7	0	0	0	1	8
620 through 659	11	0	0	0	1	12
660 through 699	14	0	0	0	2	16
700 through 739	9	0	0	0	2	11
740 through 779	9	0	0	0	4	13
780 through 850	12	0	0	0	10	22
<u>Not available</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
Total	\$73	\$1	\$3	\$0	\$23	\$100

Mortgage Loans Held in the Authority’s General Fund

The outstanding balance, delinquency, forbearance and foreclosure statistics for single family mortgage loans held by the Authority’s General Fund, including mortgage loans in a Ginnie Mae security that is itself held by the Authority’s General Fund, as of the end of each fiscal year since 2010 and for the most recent quarter and, if available, most recent month are set forth below.

Historical Mortgage Loan Performance and Forbearance*

<u>As of June 30</u>	<u>Outstanding Balance of Mortgage Loans</u>	<u>Outstanding Balance of Delinquent** Mortgage Loans</u>	<u>Percentage of Mortgage Loans Delinquent**</u>	<u>Outstanding Balance of Mortgage Loans in Foreclosure</u>	<u>Percentage of Mortgage Loans in Foreclosure</u>	<u>Outstanding Balance of Mortgage Loans in Forbearance</u>	<u>Percentage of Mortgage Loans in Forbearance</u>
2010	\$38	\$1	1.9%	\$0	0.4%	\$ -	- %
2011	35	1	1.6	0	0.5	-	-
2012	56	3	4.7	1	1.7	-	-
2013	149	6	3.8	3	2.1	-	-
2014	148	10	6.8	5	3.3	-	-
2015	430	16	3.7	4	1.0	-	-
2016	478	26	5.4	7	1.5	-	-
2017	594	30	5.1	10	1.7	-	-
2018	683	43	6.3	8	1.2	-	-
2019	727	70	9.7	6	0.8	-	-
2020	808	63	7.8	7	0.9	89	11.0
2021	1,057	38	3.6	3	0.3	118	11.2
2022	1,164	42	3.6	8	0.7	99	8.5
2023	878	71	8.1	10	1.2	35	4.0
2023 (December 31)	873	119	13.7	7	0.8	8	1.0
2024 (March 31)	922	113	12.3	11	1.2	6	0.7

* Forbearance mandated by the CARES Act or offered voluntarily by the Authority. A mortgage loan in forbearance is not considered delinquent.

** Two or more monthly payments delinquent (excluding loans in foreclosure).

As of December 31, 2023 5 single family properties were held by the Authority’s General Fund and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loans that financed such properties was less than \$1 million, as of their dates of foreclosure.

The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of single family mortgage loans held in the Authority's General Fund are level payment mortgage loans. The non-level payment mortgage loans, if any, are all the result of loan modifications.

Current Mortgage Loan Categories

The following categories of loans held by the Authority's General Fund had the following aggregate outstanding principal balances, as of December 31, 2023:

Self-Insured First Mortgage Loans	\$30
Self-Insured Second Mortgage Loans	0
Insured by FHA	736
Guaranteed by VA	36
Guaranteed by RD	42
Insured by private mortgage insurance	<u>29</u>
Total	\$873

The following chart shows the distribution and the delinquency and foreclosure status, as of December 31, 2023, of single family mortgage loans held by the Authority's General Fund by calendar year of origination.

Mortgage Loan Delinquency by Year of Origination

<u>Year of Origination</u>	<u>Outstanding Balance of Mortgage Loans</u>	<u>Percentage of Outstanding Balance</u>	<u>Outstanding Balance of Delinquent* Mortgage Loans</u>	<u>Percentage of Mortgage Loans Delinquent*</u>	<u>Outstanding Balance of Mortgage Loans in Foreclosure</u>	<u>Percentage of Mortgage Loans in Foreclosure</u>
<u>All Loans</u>						
2017 and earlier	\$387	44.4%	\$45	11.7%	\$2	0.6%
2018	74	8.5	16	22.2	2	2.7
2019	58	6.6	12	21.0	1	1.2
2020	151	17.3	20	12.9	1	0.8
2021	102	11.7	15	15.1	0	0.4
2022	99	11.4	10	10.4	0	0.3
<u>2023 year-to-date</u>	<u>1</u>	<u>0.1</u>	<u>0</u>	<u>13.8</u>	<u>0</u>	<u>0.0</u>
Total	\$873	100.0%	\$119	13.7%	\$7	0.8%
<u>Self-Insured Only</u>						
2017 and earlier	\$21	67.6%	\$3	14.0%	\$0	0.0%
2018	3	10.3	2	60.2	1	19.7
2019	2	6.8	0	7.5	0	0.0
2020	4	14.0	0	0.0	0	0.0
2021	0	1.1	0	1.2	0	0.0
2022	0	0.0	0	0.0	0	0.0
<u>2023 year-to-date</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	\$31	100.0%	\$5	16.2%	\$1	2.0%

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances, as of December 31, 2023, of single family mortgage loans held by the Authority's General Fund by credit score and by type of mortgage insurer and mortgage guarantor.

Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

<u>Credit Score</u>	<u>Outstanding Balance of FHA Insured Mortgage Loans</u>	<u>Outstanding Balance of VA Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of RD Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of PMI Insured Mortgage Loans</u>	<u>Outstanding Balance of Self-Insured Mortgage Loans</u>	<u>Outstanding Balance of All Mortgage Loans</u>
300 through 539	\$175	\$5	\$7	\$1	\$4	\$193
540 through 579	71	4	4	0	3	81
580 through 619	82	4	5	0	3	94
620 through 659	106	4	6	1	4	122
660 through 699	107	7	6	4	4	128
700 through 739	76	3	6	4	2	92
740 through 779	69	5	4	12	3	93
780 through 850	50	4	5	5	3	67
<u>Not available</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
Total	\$736	\$36	\$42	\$29	\$31	\$873

Ginnie Mae Mortgage Loans Sold to Third Parties

The outstanding balance, delinquency, forbearance and foreclosure statistics for single family mortgage loans securitized through Ginnie Mae as of the end of each fiscal year since 2009, the first year the Authority securitized through Ginnie Mae, and for the most recent quarter and, if available, most recent month are set forth below. For additional information, see "Ginnie Mae Financing" in "The Single Family Program."

Historical Mortgage Loan Performance and Forbearance*

<u>As of June 30</u>	<u>Outstanding Balance of Mortgage Loans</u>	<u>Outstanding Balance of Delinquent** Mortgage Loans</u>	<u>Percentage of Mortgage Loans Delinquent**</u>	<u>Outstanding Balance of Mortgage Loans in Foreclosure</u>	<u>Percentage of Mortgage Loans in Foreclosure</u>	<u>Outstanding Balance of Mortgage Loans in Forbearance</u>	<u>Percentage of Mortgage Loans in Forbearance</u>
2009	\$0	\$0	0.0%	\$0	0.0%	\$-	-%
2010	264	8	3.0	0	0.2	-	-
2011	325	13	3.9	3	0.9	-	-
2012	234	12	5.1	2	0.9	-	-
2013	620	13	2.2	3	0.5	-	-
2014	658	19	2.9	1	0.2	-	-
2015	746	22	3.0	2	0.1	-	-
2016	1,309	29	2.2	1	0.1	-	-
2017	2,007	42	2.1	1	0.1	-	-
2018	2,506	55	2.2	2	0.1	-	-
2019	2,903	82	2.8	2	0.1	-	-
2020	3,468	66	1.9	1	0.0	372	10.7
2021	3,696	48	1.3	0	0.0	367	9.9
2022	3,874	77	2.0	10	0.2	235	6.1
2023	4,243	161	3.8	8	0.2	76	1.8
2023 (December 31)	4,313	224	5.2	6	0.1	10	0.2
2024 (March 31)	4,255	212	5.0	11	0.3	10	0.2

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.

** Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution and the delinquency and foreclosure status, as of December 31, 2023, of Ginnie Mae Mortgage Loans by calendar year of origination.

Mortgage Loan Delinquency by Year of Origination

<u>Year of Origination</u>	<u>Outstanding Balance of Mortgage Loans</u>	<u>Percentage of Outstanding Balance</u>	<u>Outstanding Balance of Delinquent* Mortgage Loans</u>	<u>Percentage of Mortgage Loans Delinquent*</u>	<u>Outstanding Balance of Mortgage Loans in Foreclosure</u>	<u>Percentage of Mortgage Loans in Foreclosure</u>
<u>All Loans</u>						
2017 and earlier	\$901	20.9%	\$36	4.0%	\$1	0.1%
2018	227	5.3	14	6.1	1	0.4
2019	445	10.3	33	7.5	1	0.3
2020	817	18.9	41	5.0	1	0.2
2021	1,088	25.2	67	6.2	1	0.1
2022	465	10.8	24	5.2	0	0.0
<u>2023 year-to-date</u>	<u>369</u>	<u>8.6</u>	<u>9</u>	<u>2.4</u>	<u>0</u>	<u>0.0</u>
<u>Total</u>	<u>\$4,313</u>	<u>100.0%</u>	<u>\$224</u>	<u>5.2%</u>	<u>\$6</u>	<u>0.1%</u>

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances, as of December 31, 2023, of Ginnie Mae Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

<u>Credit Score</u>	<u>Outstanding Balance of FHA Insured Mortgage Loans</u>	<u>Outstanding Balance of VA Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of RD Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of PMI Insured Mortgage Loans</u>	<u>Outstanding Balance of Self-Insured Mortgage Loans</u>	<u>Outstanding Balance of All Mortgage Loans</u>
300 through 539	\$532	\$26	\$27	\$0	\$0	\$585
540 through 579	274	14	11	0	0	300
580 through 619	333	20	12	0	0	364
620 through 659	545	48	29	0	0	622
660 through 699	670	64	45	0	0	780
700 through 739	576	70	50	0	0	696
740 through 779	467	67	55	0	0	590
780 through 850	292	41	37	0	0	370
<u>Not available</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
<u>Total</u>	<u>\$3,695</u>	<u>\$352</u>	<u>\$267</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,313</u>

Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period

The outstanding balance, delinquency, forbearance and foreclosure statistics for Fannie Mae Mortgage Loans still in a Repurchase Obligation Period as of the end of each fiscal year since 2013, when the Authority first used this program, and for the most recent quarter and, if available, most recent month, are set forth below. For additional information, see “Fannie Mae Financing” in “The Single Family Program.” The information in the following three tables is for Fannie Mae securities pledged to the Authority’s Commonwealth Mortgage Bonds Resolution, held in the Authority’s General Fund, or sold to third parties.

Historical Mortgage Loan Performance and Forbearance*

As of June 30	Outstanding Balance of Mortgage Loans	Outstanding Balance of Delinquent** Mortgage Loans	Percentage of Mortgage Loans Delinquent**	Outstanding Balance of Mortgage Loans in Foreclosure	Percentage of Mortgage Loans in Foreclosure	Outstanding Balance of Mortgage Loans in Forbearance	Percentage of Mortgage Loans in Forbearance
2013	\$52	\$0	0.0%	\$0	0.0%	\$ -	- %
2014	92	0	0.0	0	0.0	-	-
2015	99	0	0.0	0	0.0	-	-
2016	175	0	0.2	0	0.0	-	-
2017	666	1	0.1	0	0.0	-	-
2018	1,086	2	0.2	0	0.0	-	-
2019	1,266	6	0.4	0	0.0	-	-
2020	1,014	3	0.3	0	0.0	82	8.1
2021	563	2	0.4	0	0.0	45	8.0
2022	224	1	0.6	0	0.0	2	0.7
2023	76	1	0.8	0	0.0	0	0.4
2023 (December 31)	28	1	2.1	0	0.0	0	0.6
2024 (March 31)	11	0	0.0	0	0.0	0	0.0

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.

** Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution and the delinquency and foreclosure status, as of December 31, 2023, of such Fannie Mae Mortgage Loans by calendar year of origination.

Mortgage Loan Delinquency by Year of Origination

Year of Origination	Outstanding Balance of Mortgage Loans	Percentage of Outstanding Balance	Outstanding Balance of Delinquent* Mortgage Loans	Percentage of Mortgage Loans Delinquent*	Outstanding Balance of Mortgage Loans in Foreclosure	Percentage of Mortgage Loans in Foreclosure
2017 and earlier	\$0	0.0%	\$0	0.0%	\$0	0.0%
2018	14	51.0	0	1.0	0	0.0
2019	9	32.1	0	4.8	0	0.0
2020	5	16.2	0	0.0	0	0.0
2021	0	0.0	0	0.0	0	0.0
2022	0	0.7	0	0.0	0	0.0
<u>2023 year-to-date</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>	<u>0.0</u>
Total	\$28	100.0%	\$1	2.1%	\$0	0.0%

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances, as of December 31, 2023, of such Fannie Mae Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

<u>Credit Score</u>	<u>Outstanding Balance of FHA Insured Mortgage Loans</u>	<u>Outstanding Balance of VA Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of RD Guaranteed Mortgage Loans</u>	<u>Outstanding Balance of PMI Insured Mortgage Loans</u>	<u>Outstanding Balance of Self-Insured Mortgage Loans</u>	<u>Outstanding Balance of All Mortgage Loans</u>
300 through 539	\$0	\$0	\$0	\$0	\$1	\$1
540 through 579	0	0	0	0	1	1
580 through 619	0	0	0	0	2	2
620 through 659	0	0	0	0	1	1
660 through 699	0	0	0	0	5	5
700 through 739	0	0	0	0	7	7
740 through 779	0	0	0	0	7	7
780 through 850	0	0	0	0	5	5
<u>Not available</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$0	\$0	\$0	\$0	\$28	\$28

Fannie Mae Mortgage Loans Not in a Repurchase Obligation Period

The Authority continues to service these single family mortgage loans and could be obligated to advance money to cover payments during periods when loans in this category are in default or forbearance.

See “Fannie Mae Financing” in “The Single Family Program” in “Part II – Summary of Programs” for more information on the risk to the Authority of Fannie Mae Mortgage Loans in forbearance. As of December 31, 2023, the aggregate outstanding principal balance of mortgage loans in this category was \$1,535 million, of which 0.0% was in forbearance. As of March 31, 2024, the aggregate outstanding principal balance of mortgage loans in this category was \$1,528 million, of which 0.0% was in forbearance. The foregoing information is for Fannie Mae securities pledged to the Authority’s Commonwealth Mortgage Bonds Resolution, held in the Authority’s General Fund, or sold to third parties.

Freddie Mac Mortgage Loans

The Authority continues to service these single family mortgage loans and could be obligated to advance money to cover payments during periods when loans in this category are in default or forbearance.

See “Freddie Mac Financing” in “The Single Family Program” in “Part II – Summary of Programs” for more information on the risk to the Authority of Freddie Mac Mortgage Loans in forbearance. As of December 31, 2023, the aggregate outstanding principal balance of mortgage loans in this category was \$174 million, of which 0.3% was in forbearance. As of March 31, 2024, the aggregate outstanding principal balance of mortgage loans in this category was \$174 million, of which 0.3% was in forbearance. The foregoing information is for Freddie Mac securities sold to third parties.

**ADDITIONAL INFORMATION CONCERNING SINGLE FAMILY
MORTGAGE INSURANCE POLICIES AND GUARANTEES****Federal Housing Administration Mortgage Insurance**

The United States Department of Housing and Urban Development administers the FHA mortgage insurance programs. In order to receive payment of insurance benefits (other than certain partial claim payments) a mortgagee must normally acquire title to the property, either through foreclosure or conveyance, and convey such title to FHA. Generally, the mortgagee must obtain a deed in lieu of foreclosure or commence foreclosure proceedings within six months after a mortgagor's default, subject to extension if the mortgagee pursued certain loss mitigation actions referred to below. Upon recordation of the deed conveying the property to FHA, the mortgagee notifies FHA of the filing and assigns, without recourse or warranty, all claims which it has acquired in connection with the mortgage. A mortgagee may also receive payment of insurance benefits in certain circumstances not involving conveyance of the property to FHA, such as if a pre-foreclosure sale to a third party at a required minimum price is arranged in accordance with FHA regulations and procedures.

Under some FHA programs, FHA has the option at its discretion to pay insurance claims in cash or in debentures, while under others FHA will pay insurance claims in cash unless the mortgagee requests payment in debentures. The current FHA policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. FHA debentures issued in satisfaction of FHA insurance claims bear interest at the debenture interest rate in effect under FHA regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to FHA, the insurance payment is computed as of the institution of the foreclosure proceeding (or acquisition of possession otherwise), which will occur no earlier than 60 days after the due date of a mortgage payment, and the mortgagee generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed a specified percentage of the mortgagee's foreclosure costs or costs of acquiring the property (such percentage, which under current FHA policy is periodically determined based upon a mortgagee's loss mitigation performance, currently is two-thirds in the case of the Authority). Unless the mortgagee has not observed certain FHA regulations, an insurance payment to be made in cash itself bears interest from the date of default to the date of payment of the claim at an interest rate equal to the monthly average yield, for the month in which the default occurred, on United States Treasury securities adjusted to a constant maturity of 10 years.

When any property to be conveyed to FHA has been damaged by fire, earthquake, flood or tornado, or the property has suffered damage because of the mortgagee's failure to take required action, it is required that such property be repaired prior to such conveyance.

FHA requires that, absent the consent of the mortgagor, at least three full monthly installments be due and unpaid before the mortgagee may initiate any action leading to foreclosure of the mortgage. FHA also requires a reasonable effort to arrange a face-to-face conference with the mortgagor and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see "Loan Modifications" in "The Single Family Program").

Veterans Administration Mortgage Guaranty

The Veterans Administration permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit. The program has no mortgage loan limits and requires no down payment from the purchaser.

Under the VA's tiered guaranty system, the maximum guaranty allowed is based on the size of the mortgage loan. The Blue Water Navy Vietnam Veterans Act of 2019, effective January 1, 2020, eliminated county loan limits for certain veterans on loans greater than \$144,000. The current maximum guaranty is as follows: (i) for mortgage loans of not more than \$45,000, 50% of the loan; (ii) for mortgage loans greater than \$45,000, but not more than \$56,250, an amount of \$22,500; (iii) for mortgage loans greater than \$56,250, but not more than \$144,000, the lesser of 40% of the loan or \$36,000; and (iv) for loans greater than \$144,000, (x) 25% of the loan amount for veterans with full VA home loan guaranty entitlement and (y) 25% of the Freddie Mac conforming loan limits for veterans who have previously used and not restored the guaranty entitlement. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater than the original guaranty, as adjusted. The VA may, at its option and

without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than 30 days overdue, and the VA requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see “Loan Modifications” in “The Single Family Program”).

Under the single family programs, a VA mortgage loan would be guaranteed in any amount which, together with the down payment by the mortgagor, will at least equal 25% of the lesser of the sales price or the appraised value of the single-family dwelling.

Rural Development Mortgage Guarantee

United States Department of Agriculture Rural Development (“RD”) (formerly known as the Farmers Home Administration and later as the Rural Economic and Community Development Service) permits a low or moderate income purchaser of a home in designated rural areas to obtain a mortgage loan guarantee from RD. To qualify as a low or moderate income purchaser, a purchaser’s income must not exceed the median income for the area in which the home is located. Loans may not exceed FHA 203(b)(2) loan limits. No down payment is required from the purchaser.

Under the RD Guarantee Program, the mortgagee is entitled to payment of the guarantee only after (i) the property has been sold at foreclosure or otherwise sold to a third party in conformity with RD requirements or (ii) six months have elapsed from the date the mortgagee acquired title to the property. RD guarantees the first 35% of loss and 85% of any additional loss, not to exceed 90% of the loan amount. Loss is defined as (i) the outstanding principal balance and accrued interest of the mortgage loan as of the date of the loss claim settlement, plus reasonable liquidation costs, minus (ii) net proceeds, which are calculated based upon (A) a property’s actual sale price, when the claim is made following sale to a third party, and (B) estimated market value, reduced by a credit for estimated holding costs, when no sale has been made within six months from the date the mortgagee acquired title to the property. A mortgagee seeking loss claim payment following sale of a property at foreclosure may be required to first pursue enforcement of any deficiency judgment obtained if there is a reasonable prospect of present recovery. A mortgagee that receives a loss claim payment based upon the estimated value of a property not sold within six months following acquisition may be required to pay RD a proportionate share of future recovery if the property is later sold for more than the estimated value. RD requires that, in the absence of the consent of the mortgagor, payment of the mortgage loan must be at least 90 days delinquent before the mortgagee may initiate foreclosure proceedings. The mortgagee must obtain prior RD approval for any liquidation of the property other than by foreclosure or accepting a deed in lieu of foreclosure. RD also requires that the mortgagee make a reasonable attempt to arrange an interview with the mortgagor before payment on the mortgage loan becomes 60 days delinquent, and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances with prior RD approval (see “Loan Modifications” in “The Single Family Program”). Rural Development does not accept assignment of property subject to its guarantee.

Private Mortgage Insurance

Each private mortgage insurance policy with respect to a mortgage loan must contain provisions substantially as follows: (i) the mortgage insurer must pay a claim, including unpaid principal, accrued interest, the amounts equal to deferred interest in connection with mortgage loans with graduated payments schedules, if any, and expenses, within sixty days of presentation of the claim by the Authority; (ii) when a claim for the outstanding principal amount, accrued interest and expenses is presented, the mortgage insurer must either (a) pay such claim in full and take title to the mortgaged property and arrange for its sale or (b) pay the insured percentage of such claim and allow the Authority to retain title to the mortgaged property or (c) settle a claim for actual losses where such losses are less than the insured percentage of the claim. (See “Mortgage Loan Insurance” in “The Single Family Program” for a discussion of federal legislation affecting private mortgage insurance).

CERTAIN FEDERAL INCOME TAX MATTERS RELATING TO SINGLE FAMILY MORTGAGE LOAN PROGRAMS

The Code substantially restricts the use of proceeds of tax-exempt bonds used to finance mortgage loans for single family housing or to refund such bonds. Under the Code, interest on bonds the proceeds of which are used to provide mortgage loans on owner-occupied housing is not excluded from gross income for federal income tax purposes unless the bonds are part of a “qualified mortgage issue.” An issue of bonds constitutes a “qualified mortgage issue” if all of the following requirements are met: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences, (ii) the mortgage loans financed with the issue and the mortgagors meet certain eligibility requirements, (iii) the yield that is earned by the issuer of the bonds from such mortgage loans and from certain non-mortgage investments that are allocable to the issue, including investments that are held as part of a debt service reserve fund, does not exceed specified limitations and (iv) certain other requirements are met relating to the issue itself and the availability of proceeds of the issue for financing housing located in federally designated targeted areas (“Targeted Areas”) (as defined below). These requirements are more fully described below. The Authority has issued and is issuing Tax-Exempt Bonds and expects to issue additional Tax-Exempt Bonds which are or will be subject to these requirements (“Qualified Mortgage Bonds”). Interest on Taxable Bonds is included in gross income for federal income tax purposes; therefore, Taxable Bonds are not subject to these requirements. However, some of the single family mortgage loans financed by Taxable Bonds were formerly financed, in part, by certain Qualified Mortgage Bonds which are Tax-Exempt Bonds as defined and used in the text of this Official Statement.

The following requirements apply to single family mortgage loans financed, in whole or in part, with the proceeds of Qualified Mortgage Bonds.

Residence Requirements

As required by the Code, all residences financed with Qualified Mortgage Bonds must be single family residences located within the Commonwealth, and both the Authority and the mortgagor must reasonably expect that the residence will become the mortgagor’s principal residence within a reasonable time after the single family mortgage loan is executed or assumed. These requirements can normally be met by having each mortgagor execute an affidavit stating that the residence is within the Commonwealth and that the mortgagor intends to make the residence his principal residence within such reasonable time period, normally 60 days. The Authority has covenanted to require such an affidavit.

Absence of Prior Home Ownership

Except in the case of (i) a mortgagor acquiring a residence in a Targeted Area, or (ii) a mortgagor who is a qualified veteran the Code requires that 95% of net proceeds of the Qualified Mortgage Bond issue must be loaned to mortgagors who have had no present ownership interest in a principal residence within the three years preceding the date on which the single family mortgage loan is executed. The Code permits the Authority to rely on an affidavit of a mortgagor to the effect that such requirement has been satisfied and an examination of federal income tax returns for three years evidencing compliance with such requirement. In lieu of such tax returns, a mortgagor may provide a letter from the Internal Revenue Service to the effect that he or she filed Forms 1040A or 1040EZ for such three year period. The Authority has covenanted that it will procure and diligently examine each such affidavit and accompanying tax returns, when required.

Purchase Price Limitations

The Code requires that the purchase price of each residence being financed with the proceeds of Qualified Mortgage Bonds not exceed 90% (110% in the case of Targeted Areas (as defined below)) of the applicable average area purchase price. The Authority has adopted purchase price limitations which are not in excess of 90% (110% in the case of Targeted Areas (as defined below)) of the current “safe harbor average area purchase prices” published by the U.S. Treasury which may be relied upon for purposes of compliance with the Code. The Authority may adopt different purchase price limitations in the future in accordance with the Code.

Income Requirements

The Code requires that all of the single family mortgage loans made with the proceeds of certain Qualified Mortgage Bonds be provided to borrowers whose annual gross income does not exceed 115% (100% for households of fewer than three persons) of the applicable median family income. An exception is provided for loans made with respect to Targeted Area residences for which the Code requires two-thirds of such loans be provided to borrowers whose annual gross income does not exceed 140% (120% for households of fewer than three persons) of applicable median family income and one-third of such loans may be made without regard to any income limitation. The Authority has covenanted to verify compliance with these requirements by requiring each borrower to certify as to the amount of his or her annual gross income.

Targeted Areas

In order to comply with the Code, the Authority must, for at least one year after the date on which lendable proceeds of the Qualified Mortgage Bonds are first available for financing of single family mortgage loans, make available for single family mortgage loans in so-called Targeted Areas within the Commonwealth an amount equal to the lesser of 20% of the proceeds of such Bonds (other than any refunding bonds as to which the original refunded bonds were issued after 1980) which are devoted to providing owner financing or 40% of the average annual aggregate principal amount of mortgages executed in the preceding three years for single family owner-occupied residences in Targeted Areas within the Commonwealth. The Authority's program includes sending periodic program announcements to Originating Lenders and not-for-profit service providers serving the Targeted Areas advising them of the availability of such proceeds and including maps of the Targeted Areas in their region. The Authority's efforts to place single family mortgage loans in Targeted Areas includes advertising in pamphlets, brochures and handouts concerning the single family program that mortgage funds are available for such areas. The Targeted Areas in which the Authority is to make the mortgage funds available include those census tracts in the Commonwealth in which 70% or more of the families have an income which is 80% or less of the statewide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury. Targeted Areas also include areas of chronic economic distress designated by the Commonwealth and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code.

Other Single Family Mortgage Loan Eligibility Requirements

The Code does not allow proceeds of Qualified Mortgage Bonds to be used to acquire existing mortgage loans (thereby requiring the Authority to apply such proceeds only to newly-originated mortgage loans) or to replace existing mortgage loans (thereby precluding refinancings of mortgage loans). This requirement does not prohibit the Authority from acquiring or replacing construction loans, bridge loans or other similar temporary initial financing. The Purchase Agreements incorporate these restrictions.

The Code requires that each mortgage loan financed with the proceeds of Qualified Mortgage Bonds may only be assumed if the requirements relating to principal residence, three year lack of prior ownership, income requirements and acquisition cost limitations are met with respect to the assumption. The determinations as to compliance with these requirements are to be made as of the date on which the mortgage loan is being assumed. Accordingly, the Authority must make the required statistical study or otherwise determine (e.g., by reliance on "safe harbor" statistics published by the U.S. Treasury) the relevant average area purchase prices for each statistical area within the Commonwealth on an annual basis, and must assure compliance with the other applicable requirements of the Code as long as a series of bonds is outstanding. The Authority has so covenanted in the Commonwealth Mortgage Bonds Resolution and the Homeownership Mortgage Bonds Resolution and has required in the single family mortgage loan documents that no single family mortgage loan may be assumed unless the applicable requirements of the Code are satisfied.

Limitation on Mortgage Yield

Under the Code, the yield on single family mortgage loans or portion thereof financed by Qualified Mortgage Bonds may not exceed one and one-eighth percentage points over the yield on the related bonds.

Recapture

The Code provides for an increase in the federal income tax of certain mortgagors upon sale of their homes (the "Recapture Provision"). Under the Recapture Provision, an amount determined to be subsidy provided to the mortgagors by Qualified Mortgage Bond financing (but not in excess of 50% of the gain) is recaptured on disposition of the home. The recapture amount increases over the period of ownership, with full recapture occurring if the house is sold between four and five full years after the closing of the mortgage loan. The recapture amount declines ratably to zero with respect to sales between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part of all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires that the issuer of Qualified Mortgage Bonds provide at settlement of each mortgage loan a written statement informing the mortgagor of the Recapture Provision and, within 90 days thereafter, a written statement specifying certain information needed by the mortgagor to compute the recapture amount. The Authority has included in its program documentation requirements that such information be provided in the time and manner required by the Code.

The following requirements apply only with respect to Qualified Mortgage Bonds, except as otherwise noted; accordingly, these requirements do not apply to Taxable Bonds.

Other Requirements

For Qualified Mortgage Bonds, the Code requires the Authority to pay to the U.S. Treasury certain amounts earned on investments, which amounts must be computed in accordance with the applicable provisions of the Code. The Authority has covenanted to establish accounting procedures to determine the amount of such excess investment earnings. Such amount, if any, is not subject to the pledge or lien of the Commonwealth Mortgage Bonds Resolution and Homeownership Mortgage Bonds Resolution. This requirement also applies to certain Tax-Exempt Non-AMT Bonds that are not otherwise subject to the requirements referenced in the first paragraph of this Appendix D.

The Code provides limits on the maximum amount of certain tax-exempt bonds (including Qualified Mortgage Bonds) which may be issued in any state in each calendar year.

The Code requires retirement or redemption of Qualified Mortgage Bonds (other than certain refunding bonds) from unexpended proceeds required to be used to make mortgage loans which have not been used within 42 months from the date of issuance of the bonds, except for a \$250,000 de minimis amount.

The Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of Qualified Mortgage Bonds to be used to make additional mortgage loans only for 10 years from the date of issuance of the bonds, after which date such amounts must be used to retire or redeem bonds (except for a \$250,000 de minimis amount) (the "10-Year Rule"). In the case of refunded bonds, the 10 year period is measured from the date of issuance of the original refunded bonds. As a result, the Authority may be required by the Code to retire or redeem Qualified Mortgage Bonds from repayments (including prepayments) of principal of single family mortgage loans financed with proceeds allocable to the Qualified Mortgage Bonds.

Good Faith Effort

An issue of Qualified Mortgage Bonds which fails to meet the mortgage eligibility requirements will be treated as meeting all such requirements if:

- (i) the issuer in good faith attempted to meet such requirements before the mortgages were executed;
- (ii) 95% of the proceeds devoted to owner-financing were devoted to residences with respect to which (at the time the mortgages were executed) all such requirements were met; and
- (iii) any failure to meet such requirements is corrected within a reasonable period after such failure is first discovered.

The good faith requirement described in (i) will be satisfied by the Authority's establishing reasonable procedures, including reasonable investigations, to ensure compliance with the requirements under the Code. The 95% requirement referred to in clause (ii) above will be considered to have been satisfied by the Authority's procuring and examining affidavits evidencing compliance from the mortgagors and sellers of residences and income tax returns filed by the mortgagors with the Internal Revenue Service for the preceding three years (or statements in the mortgagors' affidavits that one or more of such returns were not required to have been filed or letters from the IRS that Forms 1040A or 1040EZ were filed for such period). Calling the non-qualifying mortgage or replacing it with a qualifying mortgage will constitute the correction of such failure under clause (iii) above.

The failure to meet the arbitrage and other issue-related requirements will not affect the tax-exemption of an issue of Qualified Mortgage Bonds under the Code and the applicable regulations if:

- (i) the issuer in good faith attempted to meet all such requirements; and
- (ii) any failure to meet such requirements was due to inadvertent error after taking reasonable steps to comply with such requirements.

Monitoring for Compliance with the Code

Under the procedures which the Authority has established to comply with the Code, Originating Lenders will be responsible for reviewing each single family mortgage loan application and the accompanying documentation, including the affidavits and federal tax returns described above, for compliance with the requirements of the Code. Normal and appropriate measures are required to be undertaken to verify the information given, either independently or concurrently with credit reviews, when applicable. All documentation is to be cross-checked to assure that the information presented is complete and consistent.

Originating Lenders are required to represent as to each single family mortgage loan that, among other things, (i) the single family mortgage loan is in compliance with the Authority's processing guide setting forth the procedures and requirements with respect to the processing of single family mortgage loans, (ii) the lender has reviewed the mortgagor's application, the affidavits described above, and the mortgagor's federal income tax returns for compliance with the provisions of the Code, and (iii) the single family mortgage loan has been closed in accordance with the processing guide.

Prior to financing such single family mortgage loan, the Authority reviews the documents submitted to the Authority, including the mortgagor's application, the affidavits described above and the mortgagor's federal income tax returns, for compliance with the requirements of the Code. The Authority has delegated to certain of its Originating Lenders the review described in the preceding sentence and the Authority also performs such review subsequent to financing each single family mortgage loan originated by such Originating Lender.

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEVELOPMENTS AND AUTHORITY PROPERTY FINANCED IN THE RENTAL HOUSING BONDS
Information as of December 31, 2023

APPENDIX E

<u>Development (7)</u>	<u>Location</u>	<u>Original Mortgage Loan Amount (1)</u>	<u>Current Mortgage Loan Amount (9)</u>	<u>Program (8)</u>	<u>Type of Occupancy</u>	<u>Total Units</u>	<u>Occupancy Rate (5)</u>	<u>Construction Complete</u>
Developments with Mortgage Loans Funded by, or Scheduled to be Funded By, the Currently Outstanding Bonds								
1 West Jackson Street	Richmond City	\$4,475,000	\$3,580,395	MUMI (2)	General	54	100%	100%
10403 Layton Hall Drive	Fairfax City	\$415,000	\$283,483	Conventional	Supportive Hsg	4	n/a	100%
10452 Armstrong Street	Fairfax City	\$121,000	\$87,244	Conventional	Supportive Hsg	4	n/a	100%
1131 North Kensington Street	Arlington County	\$710,000	\$266,425	Conventional	Supportive Hsg	8	100%	100%
115 Berkshire Place	Lynchburg City	\$68,000	\$37,963	Conventional	Supportive Hsg	1	100%	100%
1229 Hull Street	Richmond City	\$1,000,000	\$804,228	MUMI (2)	General	10	90%	100%
1314 West Johnson Street	Staunton City	\$950,000	\$634,677	Conventional	Supportive Hsg	18	100%	100%
1504 Waterside Drive (10)	Chesapeake City	\$470,000	\$337,100	Conventional	Supportive Hsg	2	n/a	100%
1705 East Main Street	Richmond City	\$465,000	\$213,350	MUMI (2)	General	4	100%	100%
1906 Charles Street	Fredericksburg City	\$105,000	\$18,888	Conventional	Supportive Hsg	3	100%	100%
1907 Charles Street	Fredericksburg City	\$335,000	\$223,319	Conventional	Supportive Hsg	2	100%	100%
200 West I	Virginia Beach City	\$11,200,000	\$10,635,143	Tax Credit	General	152	99%	100%
200 West II	Virginia Beach City	\$10,095,000	\$9,432,111	Tax Credit	General	112	98%	100%
2001 East Broad Street	Richmond City	\$8,150,000	\$6,971,797	MUMI (2)	General	75	88%	100%
2112 Nicolet Circle	Richmond City	\$290,000	\$257,085	Conventional	General	5	n/a	100%
217 Paladin Drive	Virginia Beach City	\$184,500	\$115,439	Conventional	Supportive Hsg	4	n/a	100%
2208 Jolly Pond	James City County	\$485,000	\$364,543	Conventional	Supportive Hsg	6	n/a	100%
2323 Arden Street	Fairfax County	\$750,000	\$517,449	Conventional	Supportive Hsg	6	n/a	100%
2525 Main	Richmond City	\$35,265,000	\$34,420,012	MUMI (2)	General	217	98%	100%
2604 Charles Street	Fredericksburg City	\$264,500	\$92,338	Conventional	Supportive Hsg	2	0%	100%
27 Atlantic	Virginia Beach City	\$92,500,000	\$90,869,287	Conventional	General	266	86%	100%
3101 Roanoke Avenue	Newport News City	\$284,509	\$257,809	Conventional	Supportive Hsg	1	n/a	100%
3548 Barry Street	Virginia Beach City	\$177,000	\$109,773	Conventional	Supportive Hsg	4	n/a	100%
401 Campbell Lofts	Roanoke City	\$1,250,000	\$918,616	MUMI (2)	General	16	100%	100%
4108 Middle Ridge Road	Fairfax County	\$251,000	\$183,099	Conventional	Supportive Hsg	4	n/a	100%
4620 Ardmore Lane	Virginia Beach City	\$285,000	\$235,615	Conventional	Supportive Hsg	2	n/a	100%
501 East Main Street	Richmond City	\$900,000	\$781,531	MUMI (2)	General	8	100%	100%
5612 Dunn Loring Court	Virginia Beach City	\$295,000	\$138,663	Conventional	Supportive Hsg	3	n/a	100%
607 Notabene	Alexandria City	\$700,000	\$579,868	Conventional	Supportive Hsg	8	88%	100%
6301 Mockingbird Lane	Chesterfield County	\$200,000	\$129,893	Conventional	Supportive Hsg	4	100%	100%
6422 Centerville Road	James City County	\$484,000	\$353,868	Conventional	Supportive Hsg	8	n/a	100%
647 Stuart Street	Fredericksburg City	\$80,000	\$31,284	Conventional	Supportive Hsg	1	100%	100%
665 Bethune Drive	Virginia Beach City	\$198,900	\$124,448	Conventional	Supportive Hsg	4	n/a	100%

701 Saint James	Richmond City	\$3,250,000	\$2,528,282	Conventional	General	41	98%	100%
801 Main Street	Newport News City	\$1,960,000	\$1,739,775	Tax Credit	Elderly	44	95%	100%
802 Cynthianna Avenue	Charlottesville City	\$345,000	\$230,928	Conventional	General	6	100%	100%
824 Madison Avenue	Roanoke City	\$120,000	\$16,186	Tax Credit	General	4	100%	100%
908 Perry Street	Richmond City	\$4,535,000	\$3,723,308	Conventional	General	41	98%	100%
909 Perry Street	Richmond City	\$4,000,000	\$3,244,154	Conventional	General	44	98%	100%
9525 Pampas Drive	Chesterfield County	\$234,500	\$122,980	Conventional	Supportive Hsg	5	n/a	100%
Abby I	Fredericksburg City	\$450,000	\$186,697	Conventional	Supportive Hsg	6	83%	100%
Abby II	Fredericksburg City	\$605,000	\$292,967	Conventional	Supportive Hsg	8	100%	100%
AC Wilson Building	Radford City	\$875,000	\$707,826	MUMI (2)	General	10	100%	100%
Acclaim at Alexandria	Alexandria City	\$28,200,000	\$23,581,151	Tax Credit	General	290	91%	100%
Ada Park	Newport News City	\$1,950,000	\$1,741,124	Tax Credit	General	42	79%	100%
Aero I	Hampton City	\$5,060,000	\$4,852,969	Tax Credit	General	72	94%	100%
Aero II	Hampton City	\$5,100,000	\$4,889,860	Tax Credit	General	48	100%	100%
Affordable Homes (10)	Hampton City	\$270,000	\$216,771	Conventional	Supportive Hsg	2	100%	100%
Akers Rentals	Russell County	\$400,000	\$332,934	Conventional	General	9	100%	100%
Alexander at 1090 I	Richmond City	\$4,150,000	\$3,980,823	Tax Credit	General	48	92%	100%
Alexander at 1090 II	Richmond City	\$4,545,000	\$4,352,565	Tax Credit	General	48	98%	100%
Amherst Acres III	Amherst County	\$415,000	\$285,198	Tax Credit	General	10	100%	100%
Angel Court	King George County	\$1,425,000	\$1,089,581	Tax Credit	General	24	100%	100%
Angelwood at Caroline	Caroline County	\$1,150,000	\$914,457	Tax Credit	General	26	92%	100%
Ann Wingfield Commons	Culpeper County	\$3,000,000	\$2,811,858	Tax Credit	General	44	100%	100%
Ansell Gardens	Portsmouth City	\$1,900,000	\$1,079,612	Tax Credit	General	78	91%	100%
Apex East	Arlington County	\$15,200,000	\$14,682,508	Tax Credit	General	125	94%	100%
Apex West	Arlington County	\$18,645,000	\$17,898,113	Tax Credit	General	131	92%	100%
Aquia Fifteen at Towne Center	Stafford County	\$31,000,000	\$28,255,843	Tax Credit	General	256	98%	100%
Arbelo and Longview Terrace (10)	Alexandria City	\$8,250,000	\$6,876,882	Tax Credit	General	75	97%	100%
Arbor Glen	Chesapeake City	\$13,645,000	\$11,772,766	Tax Credit	General	240	98%	100%
Arbors	Richmond City	\$4,179,916	\$3,450,306	Tax Credit	Elderly	85	100%	100%
Arbors at Shoulders Hill	Suffolk City	\$13,500,000	\$12,635,820	Tax Credit	Elderly	138	99%	100%
Arbors at Towne Park	York County	\$10,700,000	\$9,982,312	Tax Credit	Elderly	130	99%	100%
Arbors at Western Branch	Chesapeake City	\$23,100,000	\$22,674,881	Tax Credit	Elderly	163	99%	100%
Arbors at Williamsburg	York County	\$21,870,000	\$21,478,739	Mixed Income Only	Elderly	150	83%	100%
Arden - Building A	Fairfax County	\$12,424,000	\$12,379,147	Tax Credit	General	79	97%	100%
Arden - Building B	Fairfax County	\$8,895,000	\$8,745,717	Tax Credit	General	47	98%	100%
Argon	Richmond City	\$7,210,000	\$6,422,054	Conventional	General	66	95%	100%
Arlington Mill	Arlington County	\$8,870,000	\$7,491,446	Tax Credit	General	122	97%	100%
Arlington View Terrace East	Arlington County	\$10,572,000	\$10,572,000	Tax Credit	General	77	100%	100%
Armstrong Place	Lynchburg City	\$220,000	\$175,285	Tax Credit	Supportive Hsg	28	96%	100%
Armstrong Renaissance 1A	Richmond City	\$2,500,000	\$2,321,530	Tax Credit	Supportive Hsg	60	98%	100%
Armstrong Renaissance 1B	Richmond City	\$750,000	\$677,334	Tax Credit	Elderly	45	84%	100%
Armstrong Renaissance 2A	Richmond City	\$5,475,000	\$5,270,150	Tax Credit	General, Elderly	70	93%	100%
Armstrong Renaissance 2B	Richmond City	\$3,300,000	\$3,227,952	Tax Credit	Elderly	45	93%	100%
Artisan Hill	Richmond City	\$27,700,000	\$26,217,003	MUMI (2)	General	204	97%	100%
Ashburn Chase I	Loudoun County	\$5,250,000	\$5,045,091	Tax Credit	General	48	94%	100%
Ashburn Chase II	Loudoun County	\$7,090,000	\$6,768,020	Tax Credit	General	48	81%	100%

Ashland Woods	Hanover County	\$12,275,000	\$10,849,004	Tax Credit	General	150	100%	100%
Ashpone Tavern Village	Franklin County	\$640,000	\$391,599	Conventional	General	10	100%	100%
Ashton I	Norfolk City	\$5,850,000	\$5,762,651	Tax Credit	General	70	100%	100%
Ashton II	Norfolk City	\$5,425,000	\$5,338,316	Tax Credit	General	48	98%	100%
Aspen Club	Fauquier County	\$23,700,000	\$23,501,494	Tax Credit	General	138	98%	100%
Aspen South	Fauquier County	\$10,750,000	\$9,722,838	Conventional	General	100	86%	100%
Atrium Lofts at Cold Storage	Richmond City	\$7,475,000	\$6,331,773	Conventional	General	72	86%	100%
Attain Downtown	Norfolk City	\$26,426,000	\$24,036,364	Conventional	General	156	96%	100%
Audubon Village I	Henrico County	\$14,350,000	\$12,668,811	Tax Credit	General	160	90%	100%
Audubon Village II	Henrico County	\$4,380,000	\$3,936,708	Tax Credit	General	54	89%	100%
Austin Woods	Chesterfield County	\$36,930,000	\$35,997,842	Conventional	General	230	97%	100%
Autumn Ridge	Roanoke City	\$683,000	\$337,471	Tax Credit	General	72	96%	100%
Autumnwood Heights	Charlotte County	\$1,105,000	\$855,923	Tax Credit, RD515	Elderly	40	98%	100%
Bacon Retirement Community	Richmond City	\$900,000	\$194,664	Tax Credit	Elderly	58	95%	100%
Bainbridge Commons	Chesapeake City	\$6,325,000	\$5,314,974	Tax Credit	General	92	100%	100%
Baker School	Richmond City	\$2,190,000	\$2,128,494	Tax Credit, RAD	Elderly	50	100%	100%
Barrington	Prince William County	\$10,275,000	\$8,861,031	Conventional	General	124	98%	100%
Barton Mansion	Richmond City	\$2,700,000	\$2,608,775	Conventional	General	17	88%	100%
Battleground	Smyth County	\$335,000	\$227,666	Tax Credit, RD515	General	24	96%	100%
Bay Creek	Hampton City	\$10,525,000	\$9,253,381	Tax Credit	General	184	89%	100%
Bayberry I	Virginia Beach City	\$950,000	\$582,368	Conventional	General	14	86%	100%
Bayberry II	Virginia Beach City	\$1,090,000	\$658,983	Conventional	General	14	100%	100%
Bayberry III	Virginia Beach City	\$881,000	\$487,188	Conventional	General	10	90%	100%
Bayberry IV	Virginia Beach City	\$788,000	\$556,893	Conventional	General	8	100%	100%
Bayberry V	Virginia Beach City	\$1,245,000	\$916,202	Conventional	General	10	100%	100%
Bayberry VI	Virginia Beach City	\$475,000	\$343,163	Conventional	General	6	100%	100%
Bayberry VII	Virginia Beach City	\$775,000	\$608,784	Conventional	General	8	88%	100%
Beach Park West	Virginia Beach City	\$1,250,000	\$969,617	Conventional	Supportive Hsg	18	72%	100%
Beasley Square	Alexandria City	\$1,081,000	\$806,637	Conventional	Elderly	8	100%	100%
Beaverdam Creek	Hanover County	\$3,420,000	\$2,195,218	Tax Credit	General	120	98%	100%
Belle Meadows	Bristol City	\$780,000	\$544,374	Conventional	General	26	96%	100%
Belle Summit	Richmond City	\$1,910,000	\$1,651,211	Tax Credit	General	50	88%	100%
Bellefonte	Alexandria City	\$2,700,000	\$2,581,308	Conventional	Supportive Hsg	12	100%	100%
Belleview Seniors	Orange County	\$1,000,000	\$299,109	Tax Credit	Elderly	48	98%	100%
Belleville Meadows	Suffolk City	\$3,700,000	\$3,337,911	Tax Credit, RD515	General	128	99%	100%
Ben Franklin House	Fairfax County	\$575,000	\$546,477	Conventional	Supportive Hsg	6	100%	100%
Berkley Court	Franklin City	\$1,120,000	\$910,000	Tax Credit, RAD	General	75	85%	100%
Berkley South	Newport News City	\$4,485,753	\$883,485	Conventional	Elderly	190	99%	100%
Berkmar	Albemarle County	\$44,145,000	\$43,212,734	Conventional	General	261	89%	100%
Berkshire	Virginia Beach City	\$2,900,000	\$457,175	Conventional	General	106	99%	100%
Bettie S. Davis Village	Suffolk City	\$2,150,000	\$1,862,622	Tax Credit	Elderly	60	100%	100%
Beverly Park	Alexandria City	\$3,505,000	\$2,655,835	Tax Credit	General	33	100%	100%
Bickerstaff Crossing	Henrico County	\$6,800,000	\$6,719,058	Tax Credit	Supportive Hsg	60	97%	100%
Biznet Supervised	Virginia Beach City	\$138,500	\$100,514	Conventional	Supportive Hsg	2	n/a	100%
Biznet Village	Virginia Beach City	\$648,000	\$449,918	Conventional	Supportive Hsg	24	92%	100%
Bloom	Alexandria City	\$10,350,000	\$10,028,815	Tax Credit	General	97	99%	100%

Bluegrass	Pulaski County	\$600,000	\$234,062	Conventional	Elderly	40	95%	100%
Booker T. Washington Plaza	Richmond City	\$1,940,000	\$1,612,083	Tax Credit	Elderly	28	93%	100%
Bowe and Clay (10)	Richmond City	\$660,000	\$498,330	Conventional	General	6	100%	100%
Bowler Retirement Community	Richmond City	\$1,000,000	\$196,846	Tax Credit	Elderly	62	95%	100%
Bradford Mews	Isle of Wight County	\$8,675,000	\$7,007,337	Tax Credit	General	120	95%	100%
Brandywine	Virginia Beach City	\$6,783,928	\$5,475,298	Conventional	General	172	97%	100%
Brentwood Forest	Norfolk City	\$2,497,000	\$842,119	Conventional	General	107	92%	100%
Bridge 17	Suffolk City	\$19,900,000	\$19,306,283	Conventional	General	144	99%	100%
Broadstone at River Oaks (10)	Prince William County	\$18,150,000	\$15,739,522	Tax Credit	General	184	97%	100%
Brook Creek Crossings	Chesterfield County	\$3,857,000	\$3,261,696	Tax Credit	General	70	100%	100%
Brookdale	Albemarle County	\$11,900,000	\$11,230,816	Tax Credit	General	96	97%	100%
Brookside Square	Southampton County	\$393,000	\$142,575	Tax Credit, RD515	General	32	94%	100%
Brunswick Commons	Brunswick County	\$660,000	\$505,869	Tax Credit, RD515	Elderly	24	100%	100%
Brunswick Village	Brunswick County	\$750,000	\$354,680	Tax Credit, RD515	General	48	100%	100%
Buchanan Gardens	Arlington County	\$7,690,000	\$6,404,435	Tax Credit	General	111	100%	100%
Buckingham Village III	Arlington County	\$6,800,000	\$5,787,393	Tax Credit	General	92	98%	100%
Buckingham Village Parcel B	Arlington County	\$4,500,000	\$3,680,272	Tax Credit	General	48	98%	100%
Buckman Colchester Housing	Fairfax County	\$432,000	\$307,695	Conventional	Supportive Hsg	7	100%	100%
Buckman Colchester-Audubon	Fairfax County	\$73,000	\$51,995	Conventional	Supportive Hsg	3	67%	100%
Buckman Colchester-San Leandro	Fairfax County	\$135,000	\$96,155	Conventional	Supportive Hsg	1	100%	100%
Buckroe Pointe	Hampton City	\$22,050,000	\$20,518,447	Conventional	General	252	98%	100%
Burnt Ordinary	James City County	\$1,250,000	\$723,976	Tax Credit, RD515	General	80	98%	100%
Burton Creek	Lynchburg City	\$4,000,000	\$3,782,762	Tax Credit	General	85	99%	100%
Cadence	Arlington County	\$16,340,000	\$16,100,980	Tax Credit	General	97	98%	100%
Calvert Manor	Arlington County	\$2,225,143	\$1,740,966	Tax Credit	General	23	96%	100%
Cameo Street	Richmond City	\$5,900,000	\$5,900,000	Tax Credit	General	67	93%	100%
Cameron Commons	Arlington County	\$1,500,000	\$318,937	Conventional	General	16	100%	100%
Campostella at Clairmont I	Norfolk City	\$4,700,000	\$4,182,885	Tax Credit	General	84	99%	100%
Campostella at Clairmont II	Norfolk City	\$5,100,000	\$4,506,660	Tax Credit	General	68	99%	100%
Cananche Creek	Norton City	\$570,000	\$411,524	Tax Credit, RD515	General	36	94%	100%
Cannery Row	Mecklenburg County	\$140,000	\$10,333	Tax Credit, RD515	General	9	100%	100%
Canterbury Commons	Waynesboro City	\$110,500	\$54,892	Conventional	Supportive Hsg	6	100%	100%
Canterbury Commons I	Staunton City	\$225,000	\$119,982	Conventional	Supportive Hsg	6	100%	100%
Canterbury Commons II	Staunton City	\$211,000	\$140,421	Conventional	Supportive Hsg	6	100%	100%
Canterbury Crossing	Chesapeake City	\$195,000	\$64,218	Conventional	General	30	100%	100%
Carlton Neighborhood Housing	Charlottesville City	\$1,950,000	\$1,778,561	Conventional	General	35	100%	100%
Carlton Views I	Charlottesville City	\$2,000,000	\$1,719,471	Conventional	Supportive Hsg	54	83%	100%
Carlton Views II	Charlottesville City	\$2,730,000	\$2,615,015	Conventional	Supportive Hsg	44	82%	100%
Carlton Views III	Charlottesville City	\$3,250,000	\$3,135,984	Conventional	General	48	81%	100%
Caroline Manor I	Caroline County	\$356,000	\$102,970	Tax Credit, RD515	General	24	100%	100%
Caroline Manor II	Caroline County	\$135,000	\$56,152	Tax Credit, RD515	General	17	88%	100%
Carousel Court	Fairfax County	\$8,680,000	\$6,823,441	Tax Credit	General	90	100%	100%
Carriage Run	Emporia City	\$1,100,000	\$854,141	Tax Credit, RD515	Elderly	40	100%	100%
Cary West	Richmond City	\$1,650,000	\$1,384,123	Tax Credit	General	47	100%	100%
Cavalier Park/Four Seasons	Fairfax County	\$185,000	\$13,463	Conventional	General	3	67%	100%
Cedar Creek	Portsmouth City	\$3,686,251	\$2,624,168	Conventional	General	104	94%	100%

Cedar Creek I	Frederick County	\$400,000	\$316,958	Tax Credit, RD515	General	46	93%	100%
Cedar Crest I, II, III (combined)	Montgomery County	\$3,350,000	\$3,151,016	Conventional	General	78	97%	100%
Cedar Grove	Virginia Beach City	\$1,177,000	\$920,355	Tax Credit	Supportive Hsg	32	88%	100%
Cedar Street	Isle of Wight County	\$440,000	\$262,874	Tax Credit, RD515	General	24	88%	100%
Center Building	Smyth County	\$2,100,000	\$1,863,500	MUMI (2)	General	19	100%	100%
Center West I	Chesterfield County	\$32,000,000	\$31,557,865	Conventional	General	200	88%	100%
Center West II	Chesterfield County	\$44,000,000	\$44,000,000	Conventional	General	251	82%	100%
Chantilly Mews	Fairfax County	\$1,500,000	\$772,346	Tax Credit	General	50	96%	100%
Charles Street Annex	Fredericksburg City	\$78,000	\$27,104	Conventional	Supportive Hsg	1	100%	100%
Checed Warwick	Newport News City	\$1,350,000	\$625,070	Tax Credit	Elderly	48	98%	100%
Chesterbrook Residences	Fairfax County	\$11,000,000	\$8,010,277	Conventional	Elderly	97	89%	100%
Chestnut Square	Newport News City	\$1,250,000	\$456,823	Tax Credit	General	40	98%	100%
Chickahominy Bluff	Hanover County	\$8,975,000	\$8,029,636	Tax Credit	General	120	97%	100%
Chuckatuck Square	Suffolk City	\$1,245,500	\$1,045,221	Tax Credit, RD515	General	42	93%	100%
Church Manor	Isle of Wight County	\$650,000	\$411,533	Tax Credit	General	50	96%	100%
Church Street Station Studios	Norfolk City	\$2,850,000	\$2,457,003	Tax Credit	Supportive Hsg	81	85%	100%
Circ	Richmond City	\$18,000,000	\$17,488,075	Conventional	General	106	92%	100%
Citywide Homes 2001	Virginia Beach City	\$724,839	\$668,649	Tax Credit	General	32	97%	100%
Clarendon Court	Arlington County	\$7,710,000	\$6,811,760	Tax Credit	General	103	88%	100%
Cliffs Edge Lofts	Lynchburg City	\$4,199,000	\$3,358,647	MUMI (2)	General	52	87%	100%
Clopton	Richmond City	\$1,685,000	\$1,406,751	Conventional	General	44	98%	100%
Cogbill Road Group Home	Chesterfield County	\$260,000	\$199,783	Conventional	Supportive Hsg	5	n/a	100%
Cole Harbour	Nottoway County	\$600,000	\$449,592	Tax Credit, RD515	General	36	86%	100%
College Green I	Richmond County	\$330,000	\$195,119	Tax Credit, RD515	Elderly	32	97%	100%
College Square Collins	Suffolk City	\$950,000	\$433,294	Conventional	General	20	100%	100%
College Square Investments	Suffolk City	\$2,150,000	\$980,614	Conventional	General	40	100%	100%
Colonial Heights	Fredericksburg City	\$950,000	\$703,722	Tax Credit	Supportive Hsg	14	100%	100%
Colonial Row	Richmond City	\$600,000	\$231,303	Conventional	General	18	94%	100%
Colonnade at Rocktown I	Harrisonburg City	\$3,373,000	\$2,803,707	MUMI (2)	General	6	100%	100%
Columbia Hills East	Arlington County	\$7,861,492	\$7,129,977	Tax Credit	General	97	98%	100%
Columbia Hills West	Arlington County	\$12,450,000	\$11,194,707	Tax Credit	General	132	98%	100%
Community Havens - Glebe Road	Arlington County	\$820,728	\$778,953	Conventional	Supportive Hsg	6	n/a	100%
Community Havens-Burke Road	Fairfax County	\$943,000	\$744,686	Conventional	Supportive Hsg	6	n/a	100%
Congress Street	Shenandoah County	\$750,000	\$185,567	Tax Credit	General	38	100%	100%
Cotton Mill Lofts	Roanoke City	\$8,458,424	\$6,988,630	Conventional	General	108	99%	100%
Country Green	Halifax County	\$125,000	\$99,049	Tax Credit, RD515	General	44	98%	100%
Courthouse Commons I	Richmond County	\$650,000	\$288,163	Conventional	General	12	92%	100%
Courthouse Commons II	Richmond County	\$750,000	\$390,792	Conventional	General	12	100%	100%
Courthouse Crossings	Arlington County	\$8,600,000	\$6,683,163	Tax Credit	General	112	99%	100%
Courthouse Green	Spotsylvania County	\$715,000	\$454,644	Tax Credit, RD515	General	40	98%	100%
Courthouse Lane I	Caroline County	\$1,100,000	\$303,840	Tax Credit, RD515	Elderly	32	100%	100%
Courthouse Lane II	Caroline County	\$600,000	\$400,925	Tax Credit, RD515	Elderly	24	96%	100%
Craigmont Manor	Augusta County	\$618,678	\$502,266	Tax Credit, RD515	General	44	91%	100%
Creekpointe	Chesterfield County	\$11,770,000	\$6,606,864	Tax Credit	General	214	93%	100%
Creekside Manor	Henrico County	\$4,690,000	\$4,165,226	Tax Credit	General	97	99%	100%
Creekside Village I	Fairfax County	\$11,042,353	\$9,154,462	Tax Credit, RAD	General	220	92%	100%

Crescent Square	Virginia Beach City	\$2,400,000	\$1,958,406	Tax Credit	Supportive Hsg	80	79%	100%
Crest at Longwood	Salem City	\$3,600,000	\$3,010,974	Conventional	General	108	97%	100%
Crewe Village	Nottoway County	\$500,000	\$441,291	Tax Credit, RD515	General	40	95%	100%
Cricket Hill	Mathews County	\$300,000	\$211,003	Tax Credit, RD515	General	30	97%	100%
Crispus Attucks	Northampton County	\$750,000	\$596,236	Tax Credit	General	22	77%	100%
Cromwell House	Norfolk City	\$8,350,000	\$7,168,761	Tax Credit	Elderly	205	95%	100%
Cross Creek	Mecklenburg County	\$380,000	\$372,635	Tax Credit, RD515	Elderly	19	100%	100%
Crown Square	Henrico County	\$3,423,500	\$1,377,843	Conventional	General	90	96%	100%
Crozet Meadows	Albemarle County	\$1,715,000	\$1,322,112	Tax Credit	Elderly	66	94%	100%
Culpeper Crossing	Culpeper County	\$2,480,000	\$2,298,609	Tax Credit	General	28	93%	100%
Culpeper Shelter	Culpeper County	\$200,000	\$124,587	Conventional	Supportive Hsg	15	n/a	100%
Culpepper Garden I	Arlington County	\$12,500,000	\$11,649,477	Tax Credit	Elderly	210	96%	100%
Current	Richmond City	\$36,500,000	\$35,413,858	Conventional	General	214	92%	100%
Cypress Landing	Chesapeake City	\$2,440,000	\$2,203,594	Tax Credit	General	50	90%	100%
Cypress Terrace	Newport News City	\$1,650,000	\$1,383,330	Tax Credit, RAD	General	82	99%	100%
Daffodil Gardens II	Gloucester County	\$1,430,434	\$1,417,994	Tax Credit	General, Elderly	40	100%	100%
Dante Crossing	Russell County	\$273,000	\$197,128	Tax Credit	General	12	92%	100%
Deerfield Village Townhomes II	Pulaski County	\$760,000	\$608,514	Conventional	General	10	80%	100%
Delmont Village	Henrico County	\$3,150,000	\$2,128,103	Tax Credit	General	94	95%	100%
Denbigh Village	Newport News City	\$24,100,000	\$22,718,176	Conventional	General	244	97%	100%
Diggs Town I	Norfolk City	\$13,777,700	\$13,032,018	Tax Credit, RAD	General	222	93%	100%
Dogwood Terrace	Wise County	\$920,000	\$271,596	Tax Credit	General	97	96%	100%
Dolly Ann	Alleghany County	\$1,950,000	\$1,588,430	Tax Credit	General	108	96%	100%
Dr. Hughes House	Richmond City	\$950,000	\$896,143	Conventional	General	4	100%	100%
Dranesville District	Fairfax County	\$220,000	\$36,197	Conventional	General	3	67%	100%
Dresden	Newport News City	\$1,400,000	\$1,037,781	Tax Credit	Supportive Hsg	32	81%	100%
Dulles Center I	Fairfax County	\$29,700,000	\$29,425,029	Tax Credit	General	144	99%	100%
Dulles Center II	Fairfax County	\$27,200,000	\$26,940,670	Tax Credit	General	128	99%	100%
Earle of Warwick Square	Newport News City	\$3,300,000	\$845,823	Conventional	General	107	99%	100%
East Falls	Fairfax County	\$29,458,148	\$26,028,428	Tax Credit	General	305	98%	100%
East Gate Village II	Orange County	\$2,433,000	\$2,408,970	Tax Credit	General	37	97%	100%
Edison	Richmond City	\$18,000,000	\$15,178,607	MUMI (2)	General	174	94%	100%
Eggleston Plaza	Richmond City	\$3,825,000	\$3,545,913	MUMI (2)	General	42	90%	100%
Elbert Avenue	Alexandria City	\$900,000	\$63,075	Tax Credit	General	28	100%	100%
Elderspirit Community	Washington County	\$850,000	\$567,966	Conventional	Elderly	16	100%	100%
Elkmont Manor	Rockingham County	\$412,452	\$333,131	Tax Credit, RD515	General	44	93%	100%
Ella Scott's Addition	Richmond City	\$40,200,000	\$39,396,225	MUMI (2)	General	250	96%	100%
Exmore Village I	Northampton County	\$666,949	\$540,072	Tax Credit, RD515	Elderly	36	100%	100%
Faison Residences	Henrico County	\$5,150,000	\$4,652,603	Conventional	General	45	96%	100%
Falls I	Essex County	\$1,150,000	\$695,445	Conventional	General	16	88%	100%
Falls II	Essex County	\$1,225,000	\$781,486	Conventional	General	16	100%	100%
Falls III	Essex County	\$950,000	\$607,261	Conventional	General	12	100%	100%
Fields of Alexandria	Alexandria City	\$29,500,000	\$23,072,899	Tax Credit	General	306	95%	100%
Fields of Old Town	Alexandria City	\$9,500,000	\$7,356,929	Tax Credit	General	98	97%	100%
Fieldstone	Montgomery County	\$7,060,000	\$6,568,805	Tax Credit	General	84	80%	100%

Fieldstone Senior	Montgomery County	\$2,550,000	\$2,377,272	Tax Credit	Elderly	60	93%	100%
Fisher House I	Arlington County	\$2,729,912	\$1,758,139	Tax Credit	General	33	91%	100%
Fisher House II	Arlington County	\$6,530,000	\$5,866,736	Tax Credit	General	68	97%	100%
Floyd Village Square	Floyd County	\$1,272,922	\$1,007,818	MUMI (2)	General	9	100%	100%
Forest at Angelwood	King George County	\$310,000	\$239,931	Conventional	Supportive Hsg	6	100%	100%
Forest Glen I	Fairfax County	\$8,700,000	\$12,852,703	Tax Credit	Elderly	119	94%	100%
Forest Glen II	Fairfax County	\$11,785,000	\$10,417,807	Tax Credit	Elderly	119	94%	100%
Forest Hills at Belview	Montgomery County	\$2,500,000	\$2,065,474	Tax Credit	General	70	89%	100%
Forrest Landing II	Newport News City	\$5,600,000	\$5,124,078	Tax Credit	General	64	95%	100%
Fort Garfield	Arlington County	\$1,969,000	\$1,550,587	Conventional	General	20	95%	100%
Fort Myer I	Arlington County	\$485,000	\$381,937	Conventional	General	11	100%	100%
Foundry	Richmond City	\$25,950,000	\$25,198,369	Tax Credit	General	200	88%	100%
Foxchase (10)	Essex County	\$3,660,000	\$2,030,246	Tax Credit	General	60	93%	100%
Foxcroft	Hampton City	\$5,000,000	\$3,599,345	Conventional	General	120	93%	100%
Frank Roane	Lynchburg City	\$630,000	\$517,587	Tax Credit	Elderly	26	88%	100%
Franklin South	Franklin City	\$152,000	\$66,229	Tax Credit, RD515	General	32	88%	100%
Frederick at Courthouse	Arlington County	\$9,962,734	\$7,916,744	Tax Credit	General	108	97%	100%
Friendship Village	Virginia Beach City	\$5,405,000	\$3,934,799	Tax Credit	General	109	94%	100%
Fulton Hill School (10)	Richmond City	\$6,200,000	\$5,899,743	Conventional	General	33	100%	100%
Gardens of Stafford	Stafford County	\$14,200,000	\$11,351,155	Tax Credit	Elderly	150	99%	100%
Garrison Woods	Stafford County	\$5,049,600	\$389,593	Conventional	General	131	88%	100%
Gateway at Nexus	Alexandria City	\$8,700,000	\$8,154,191	Tax Credit	General	74	93%	100%
Gateway Senior	Augusta County	\$6,420,000	\$6,250,096	Tax Credit	Elderly	80	100%	100%
Gateway Village	Giles County	\$663,649	\$369,687	Tax Credit, RD515	General	42	88%	100%
Germanna Heights	Orange County	\$1,100,000	\$1,029,916	Tax Credit	Elderly	50	100%	100%
Gilliam Place East	Arlington County	\$7,874,000	\$7,420,265	Tax Credit	General	83	98%	100%
Gilliam Place West	Arlington County	\$6,740,000	\$6,185,093	Tax Credit	General	90	100%	100%
Gladiola Crescent Group Home	Virginia Beach City	\$190,000	\$96,803	Conventional	Supportive Hsg	5	n/a	100%
Glenns at Millers Lane	Henrico County	\$7,775,000	\$6,926,030	Tax Credit	General	144	92%	100%
Goodwyn at Union Hill	Richmond City	\$2,115,000	\$1,925,968	Tax Credit	General	52	100%	100%
Grand Richmond at Brook Run	Henrico County	\$7,000,000	\$5,870,391	Tax Credit	Elderly	120	94%	100%
Great Oak	Newport News City	\$4,144,470	\$2,417,352	Tax Credit, Section 8	Elderly	143	99%	100%
Greene Hills Estates	Fairfax County	\$21,150,000	\$19,976,446	Tax Credit, Section 8	General	100	99%	100%
Greens at Northridge	Culpeper County	\$6,850,000	\$4,819,202	Tax Credit	General	108	95%	100%
Greens at Virginia Center	Henrico County	\$12,850,000	\$11,465,693	Tax Credit	General	180	99%	100%
Gretna Village	Pittsylvania County	\$1,290,000	\$628,151	Tax Credit, Section 8	General	47	83%	100%
Groom School	Mecklenburg County	\$1,200,000	\$1,121,922	Tax Credit	General	55	91%	100%
Grottoes II	Rockingham County	\$940,000	\$382,658	Tax Credit	General	34	97%	100%
Grottoes III	Rockingham County	\$750,000	\$344,517	Tax Credit	General	26	96%	100%
Grottoes Manor	Rockingham County	\$517,360	\$420,012	Tax Credit, RD515	General	46	100%	100%
Grove	Newport News City	\$14,315,000	\$12,313,559	Tax Credit	General	240	84%	100%
Gum Springs Glen	Fairfax County	\$1,500,000	\$713,835	Tax Credit	Elderly	60	97%	100%
Gypsy Hill House	Staunton City	\$2,350,000	\$1,941,241	Tax Credit	Elderly	100	96%	100%
Hamilton Place I	Portsmouth City	\$4,375,000	\$3,700,409	Tax Credit	General	84	100%	100%
Hamilton Place II	Portsmouth City	\$2,510,000	\$2,095,951	Tax Credit	General	84	99%	100%
Harbor Inn	Virginia Beach City	\$3,600,000	\$1,646,770	Conventional	General	138	96%	100%

Hardywood Village	Richmond City	\$33,200,000	\$33,200,000	MUMI (2)	General	189	98%	100%
Hawk's Landing	Greene County	\$4,100,000	\$3,935,716	Tax Credit	General	50	98%	100%
Heather Glen	Radford City	\$1,340,945	\$913,253	Tax Credit	General	40	98%	100%
Henley Place	Montgomery County	\$2,175,000	\$1,577,376	Tax Credit	General	41	100%	100%
Henry Williams	Petersburg City	\$1,450,000	\$1,183,806	Tax Credit	General	42	98%	100%
Heritage Museum	Waynesboro City	\$550,000	\$414,043	MUMI (2)	General	6	100%	100%
Hiatt Run	Frederick County	\$17,750,000	\$16,159,173	Conventional	General	121	98%	100%
Hiddenbrooke	Fairfax County	\$285,000	\$159,604	Conventional	Elderly	6	100%	100%
Highlands II	Rockingham County	\$650,000	\$277,948	Tax Credit	General	24	96%	100%
Hillcrest Heights	Roanoke City	\$950,000	\$669,145	Tax Credit	General	24	83%	100%
Hillside	Tazewell County	\$873,000	\$272,002	Tax Credit	General	36	83%	100%
Hilltop South	Virginia Beach City	\$1,940,000	\$920,096	Tax Credit	General	85	98%	100%
Historic Manor	Richmond City	\$930,000	\$684,126	MUMI (2)	General	17	94%	100%
HOPE Scattered Sites (3)	Wythe County	\$140,000	\$119,832	Conventional	Supportive Hsg	8	n/a	100%
Hope Village	Portsmouth City	\$1,815,000	\$1,560,053	Tax Credit	General	48	100%	100%
Huckleberry Court	Montgomery County	\$2,800,000	\$1,951,546	Tax Credit	General	50	100%	100%
Hunt Ridge I	Rockbridge County	\$1,350,000	\$925,722	Tax Credit	General	46	100%	100%
Hunt Ridge II	Rockbridge County	\$680,000	\$509,634	Tax Credit	General	24	100%	100%
Huntington Village	Newport News City	\$6,170,000	\$6,046,871	Tax Credit	General	96	98%	100%
Hurt Park (3)	Roanoke City	\$1,350,000	\$1,015,601	Tax Credit	General	40	98%	100%
Hydro	Richmond City	\$39,000,000	\$38,762,370	MUMI (2)	General	226	93%	100%
Icon at City Walk	Norfolk City	\$71,113,000	\$66,318,192	MUMI (2)	General	269	93%	100%
Imperial Tobacco Lofts	Lynchburg City	\$4,706,030	\$4,038,051	MUMI (2)	General	61	74%	100%
Iron Bridge Road	Chesterfield County	\$3,530,000	\$3,102,966	Tax Credit	General	80	96%	100%
Ivy's Home	Virginia Beach City	\$200,000	\$155,137	Conventional	Supportive Hsg	2	n/a	100%
Jabez Court I and II	Franklin City	\$194,000	\$88,466	Conventional	General	6	100%	100%
Jameson at Kincora	Loudoun County	\$81,676,136	\$78,875,512	Conventional	General	333	96%	100%
Jefferson Brookville	Newport News City	\$1,400,000	\$880,433	Tax Credit	General	50	90%	100%
Jefferson Flats	Newport News City	\$2,500,000	\$835,825	Conventional	General	104	88%	100%
Jefferson Mews	Richmond City	\$3,575,000	\$2,859,321	Tax Credit	General	56	91%	100%
Jefferson Townhouses	Richmond City	\$8,880,000	\$6,327,117	Tax Credit	General	218	97%	100%
Jersey Park	Isle of Wight County	\$3,050,000	\$3,050,000	Tax Credit	General	80	73%	100%
Keysville Manor	Charlotte County	\$350,000	\$145,584	Tax Credit, RD515	General	24	96%	100%
King William Manor	King William County	\$3,055,000	\$2,970,822	Tax Credit	Elderly	40	98%	100%
King William Village	King William County	\$390,000	\$207,896	Tax Credit, RD515	Elderly	32	100%	100%
Kingsbridge North	Chesapeake City	\$4,520,000	\$2,875,869	Conventional	General	102	99%	100%
Kingsridge I	Henrico County	\$4,838,000	\$4,451,678	Tax Credit	General	72	99%	100%
Kingsridge II	Henrico County	\$5,880,000	\$5,745,953	Tax Credit	General	71	100%	100%
Kingsridge III	Henrico County	\$2,097,721	\$2,064,710	Tax Credit	General	24	100%	100%
Kippax Place	Hopewell City	\$1,788,130	\$1,509,133	Tax Credit, RAD	General	100	86%	100%
L and Z Historic	Richmond City	\$1,120,000	\$557,145	Conventional	General	14	100%	100%
Lacy Court	Alexandria City	\$6,925,000	\$6,358,364	Tax Credit	General	44	95%	100%
Lafayette Square	Fredericksburg City	\$765,000	\$281,829	Conventional	Supportive Hsg	12	92%	100%
Lafayette Square	James City County	\$1,210,000	\$803,108	Tax Credit, RD515	General	106	94%	100%
Lafayette Village Elderly	James City County	\$248,000	\$163,116	Tax Credit, RD515	Elderly	32	97%	100%
Lafayette Village Family	James City County	\$1,255,000	\$833,808	Tax Credit, RD515	General	112	91%	100%

Lake Anne House	Fairfax County	\$46,500,000	\$45,767,969	Tax Credit, RAD	Elderly	240	98%	100%
Lakeside Manor	Rockbridge County	\$355,565	\$288,661	Tax Credit, RD515	General	23	83%	100%
Landings I - Mt. Vernon	Alexandria City	\$36,000,000	\$33,976,441	Conventional	General	216	94%	100%
Landings II - Ft. Belvoir	Fairfax County	\$12,190,000	\$11,483,973	Conventional	General	76	78%	100%
Landmark II	Chesapeake City	\$2,896,250	\$1,922,305	Tax Credit	General	120	98%	100%
L'Arche 413 South Highland Street	Arlington County	\$500,000	\$324,930	Conventional	Supportive Hsg	4	100%	100%
Larkspur	Galax City	\$1,100,000	\$813,925	Conventional	General	18	100%	100%
Larkspur	Arlington County	\$5,900,000	\$4,686,632	Tax Credit	General	76	92%	100%
Lassiter Courts	Newport News City	\$1,500,000	\$1,376,374	Tax Credit, RAD	General	100	92%	100%
Laurel Court	Virginia Beach City	\$2,775,000	\$1,832,063	Conventional	General	80	98%	100%
Laurel Ridge	Carroll County	\$3,500,000	\$3,356,838	Tax Credit	General	56	96%	100%
Laurel Woods	Hanover County	\$500,000	\$274,541	Tax Credit, RD515	General	40	98%	100%
Law Building	Norfolk City	\$22,150,000	\$19,787,834	MUMI (2)	General	135	87%	100%
Lawrenceville Manor	Brunswick County	\$252,000	\$90,365	Tax Credit, RD515	General	24	92%	100%
Lawson Building	Roanoke City	\$2,000,000	\$1,601,200	MUMI (2)	General	24	96%	100%
Lawson Building West Phase II	Roanoke City	\$4,290,000	\$4,219,781	Mixed Income Only	General	35	89%	100%
Leavell Charles	Fredericksburg City	\$325,000	\$136,635	Conventional	Supportive Hsg	10	100%	100%
Lebanon Village I	Surry County	\$250,000	\$118,541	Tax Credit, RD515	Elderly	24	100%	100%
Lebanon Village II	Surry County	\$480,000	\$367,905	Tax Credit, RD515	Elderly	24	92%	100%
Lee Overlook	Fairfax County	\$39,000,000	\$38,630,761	Tax Credit	General	196	96%	100%
Lee Townhouses	Caroline County	\$590,000	\$268,909	Conventional, RD515	General	18	89%	100%
Leesburg II	Loudoun County	\$20,000,000	\$15,252,749	Tax Credit	General	248	96%	100%
Levis Hill House	Loudoun County	\$930,000	\$557,803	Tax Credit	Elderly	20	95%	100%
Lexington Place Phase I	Portsmouth City	\$6,291,000	\$6,040,644	Tax Credit	General	72	67%	100%
Liberty Crest	Fairfax County	\$24,400,000	\$21,613,192	MUMI (2)	General	165	96%	100%
Lincoln Mews I	Richmond City	\$2,911,000	\$3,427,492	Tax Credit	General	115	95%	100%
Lincoln Mews II	Richmond City	\$2,363,000	\$2,318,657	Tax Credit	General	130	95%	100%
Lindsay Hill Seniors	Fairfax County	\$1,215,000	\$1,096,478	Tax Credit	Elderly	55	96%	100%
Locker Room	Roanoke City	\$4,550,000	\$3,915,696	Conventional	General	56	88%	100%
Locks Tower	Richmond City	\$49,457,000	\$47,794,305	MUMI (2)	General	237	94%	100%
Lofts at Beckstoffer's Mill	Richmond City	\$1,545,000	\$1,235,613	Conventional	General	22	100%	100%
Lofts at Meadowcreek	Charlottesville City	\$10,350,000	\$9,674,740	Conventional	General	65	94%	100%
Lofts on First and Kirk	Roanoke City	\$1,025,000	\$809,120	Conventional	General	12	92%	100%
Lofts on Jefferson	Newport News City	\$600,000	\$492,038	Conventional	General	14	100%	100%
London Oaks	Portsmouth City	\$2,825,000	\$5,409,357	Tax Credit	General	296	96%	100%
Longview on Broadway	Roanoke City	\$1,165,500	\$1,091,865	Conventional	General	9	100%	100%
Loudoun View East	Loudoun County	\$6,020,000	\$5,844,947	Tax Credit	Elderly	50	98%	100%
Loudoun View West	Loudoun County	\$3,832,800	\$3,773,413	Tax Credit	General	48	98%	100%
Luray Meadows	Page County	\$2,235,200	\$2,192,550	Tax Credit	General	52	100%	100%
Luray Village	Page County	\$800,000	\$533,022	Tax Credit, RD515	Elderly	34	97%	100%
Lynchburg High	Lynchburg City	\$1,070,000	\$803,429	Tax Credit	General	74	85%	100%
Lynhaven (William Watters)	Alexandria City	\$2,310,000	\$1,950,660	Tax Credit	General	28	100%	100%
Lynnhaven Landing	Virginia Beach City	\$7,200,000	\$2,980,993	Conventional	General	252	95%	100%
Macedonia	Arlington County	\$3,910,000	\$3,086,720	MUMI (2)	General	36	78%	100%
Madison at Ballston Station	Arlington County	\$9,150,000	\$7,370,749	Tax Credit	General	100	96%	100%
Madison House	Loudoun County	\$1,300,000	\$372,593	Tax Credit	Elderly	100	99%	100%

Madison Ridge	Fairfax County	\$11,750,000	\$8,514,604	Conventional	General	98	100%	100%
Magruder Run II	Hampton City	\$14,420,000	\$14,052,095	Tax Credit	General	144	97%	100%
Mallard Cove I	Chesterfield County	\$6,250,000	\$4,687,922	Tax Credit	General	144	98%	100%
Mallard Cove II	Chesterfield County	\$4,275,000	\$3,296,495	Tax Credit	General	108	97%	100%
Malvern Hills	Portsmouth City	\$2,450,000	\$1,717,611	Tax Credit	Elderly	55	96%	100%
Mangrove II	Norfolk City	\$864,000	\$779,741	Conventional	General	14	86%	100%
Manor View	Portsmouth City	\$2,878,000	\$679,103	Conventional	General	128	100%	100%
Maple Avenue	Loudoun County	\$4,061,314	\$2,614,567	Tax Credit	General	60	97%	100%
Maplewood	Chesapeake City	\$20,205,333	\$17,120,553	Tax Credit	General	320	98%	100%
Maplewoods Plaza (10)	Norfolk City	\$2,100,000	\$1,821,352	MUMI (2)	General	13	77%	100%
Marina Villa	Norfolk City	\$17,690,000	\$17,009,985	Conventional	General	105	95%	100%
Market Heights I	Norfolk City	\$7,081,000	\$6,942,274	Tax Credit	Supportive Hsg	80	96%	100%
Market Heights II	Norfolk City	\$8,995,000	\$8,787,441	Tax Credit	General	84	95%	100%
Market Slip	Richmond City	\$2,000,000	\$636,884	Tax Credit	General	30	100%	100%
Market Square III	Chesterfield County	\$1,870,000	\$1,193,562	Tax Credit	Elderly	69	97%	100%
Market Square V	Chesterfield County	\$3,400,000	\$3,185,045	Tax Credit	Elderly	105	95%	100%
Market Woods	Chesterfield County	\$3,135,000	\$2,998,846	Tax Credit	Elderly	60	88%	100%
Martha's Place	James City County	\$340,000	\$242,894	Conventional	Supportive Hsg	4	n/a	100%
Maury River Place	Rockbridge County	\$1,250,000	\$1,195,434	Tax Credit, RD515	General	40	100%	100%
Meadowood	Norfolk City	\$25,300,000	\$22,317,685	Conventional	General	180	98%	100%
Meadows	Lynchburg City	\$3,150,780	\$2,610,912	Tax Credit	General	66	91%	100%
Meadows	Prince Edward County	\$185,000	\$107,392	Tax Credit, RD515	General	40	85%	100%
Meadows II - Wolf Creek Housing	Giles County	\$150,000	\$87,906	Tax Credit	General	11	100%	100%
Meadowview	Pulaski County	\$785,322	\$384,858	Tax Credit, Section 236	General	98	92%	100%
Melton's Run	Carroll County	\$630,000	\$770,846	Tax Credit	General	48	96%	100%
Mercer Place	Lancaster County	\$1,300,000	\$928,286	Conventional	General	16	100%	100%
Meridian at Watermark I	Chesterfield County	\$31,513,871	\$27,405,073	Conventional	General	204	91%	100%
Meridian at Watermark II	Chesterfield County	\$13,234,772	\$11,612,319	Mixed Income Only	General	96	91%	100%
Meridian Bay	Prince William County	\$35,116,990	\$29,562,687	Conventional	General	345	87%	100%
Meridian Harbourview	Suffolk City	\$24,500,000	\$21,718,687	Conventional	General	224	92%	100%
Meridian OBICI	Suffolk City	\$31,159,071	\$28,853,772	Conventional	General	224	95%	100%
Metro on Granby	Norfolk City	\$22,010,000	\$19,367,032	MUMI (2)	General	136	91%	100%
Mews on Little High Street	Charlottesville City	\$2,225,000	\$1,810,120	Tax Credit	Supportive Hsg	40	100%	100%
Mezzo Lofts at City Center	Richmond City	\$14,560,000	\$13,471,631	MUMI (2)	General	102	96%	100%
Midpoint	Lynchburg City	\$3,763,020	\$3,133,701	MUMI (2)	General	48	85%	100%
Mill Park Terrace	Fredericksburg City	\$1,435,000	\$523,029	Tax Credit	Elderly	129	99%	100%
Miller Homes at Poplar Creek	Halifax County	\$700,000	\$563,620	Tax Credit	General	46	96%	100%
Millsap Lane	Washington County	\$515,000	\$290,833	Conventional	General	8	88%	100%
Millview	Fauquier County	\$2,500,000	\$2,343,255	Tax Credit	General	28	100%	100%
Model Tobacco	Richmond City	\$34,700,000	\$34,202,979	Conventional	General	203	76%	100%
Moffett Manor	Fauquier County	\$5,000,000	\$3,461,089	Tax Credit	Elderly	98	99%	100%
Monmouth Woods	King George County	\$10,015,000	\$8,993,782	Tax Credit	General	152	97%	100%
Monroe Gates	Hampton City	\$21,960,000	\$21,427,974	Mixed Income Only	General	162	97%	100%
Monterey	Hampton City	\$750,000	\$136,945	Tax Credit	General	40	80%	100%
Monticello Vista	Charlottesville City	\$1,825,000	\$1,333,950	Tax Credit	General, Elderly	50	74%	100%
Mount Vernon House	Fairfax County	\$11,050,000	\$9,095,744	Tax Credit	Elderly	130	98%	100%

Mount Vernon Village	Fairfax County	\$341,100	\$250,784	Conventional	Supportive Hsg	3	100%	100%
Mountain Crest	Bath County	\$575,000	\$489,290	Tax Credit	Elderly	28	100%	100%
Mountain Laurel Manor I	Augusta County	\$3,060,000	\$2,912,185	Tax Credit	General	48	88%	100%
Mountain Laurel Manor II	Augusta County	\$2,900,000	\$2,786,658	Tax Credit	General	48	92%	100%
Mountain Run	Culpeper County	\$750,000	\$252,963	Tax Credit, RD515	General	50	94%	100%
Mountain View	Waynesboro City	\$2,600,000	\$2,031,996	Tax Credit	General	130	95%	100%
Mutual Building	Richmond City	\$30,030,000	\$29,734,020	MUMI (2)	General	168	21%	100%
Mutual Pharmacy	Wise County	\$550,000	\$514,413	MUMI (2)	General	5	80%	100%
Narrows Town Offices	Giles County	\$750,000	\$583,010	Conventional	General	8	88%	100%
Nest	Richmond City	\$18,000,000	\$17,484,963	Conventional	General	118	92%	100%
New Clay House II	Richmond City	\$2,340,000	\$2,102,409	Tax Credit	General	80	95%	100%
New Manchester Flats I	Richmond City	\$5,648,000	\$4,611,732	Conventional	General	57	89%	100%
New Manchester Flats III	Richmond City	\$1,250,000	\$1,035,285	MUMI (2)	General	36	100%	100%
New Manchester Flats IV	Richmond City	\$6,500,000	\$5,617,355	Mixed Income Only	General	71	85%	100%
New Manchester Flats IX	Richmond City	\$1,300,000	\$1,080,332	Tax Credit	General	41	98%	100%
New Manchester Flats V	Richmond City	\$10,010,000	\$9,564,714	Tax Credit	General	104	79%	100%
New Phoenix Village	Newport News City	\$1,802,000	\$1,507,564	Tax Credit	Supportive Hsg	48	94%	100%
New River Gardens	Radford City	\$173,000	\$163,367	Tax Credit, RD515	General	48	90%	100%
Newport Village	Franklin City	\$270,000	\$159,491	Tax Credit, RD515	General	48	90%	100%
Newtown Crossing	Frederick County	\$2,700,000	\$2,509,028	Conventional	General	15	100%	100%
Noah III	Virginia Beach City	\$1,105,000	\$843,052	Conventional	Supportive Hsg	9	100%	100%
Noah IV	Virginia Beach City	\$885,000	\$665,466	Conventional	Supportive Hsg	7	100%	100%
Norcroft	Richmond City	\$2,188,301	\$808,119	Tax Credit	Elderly	109	99%	100%
North County	Fairfax County	\$255,000	\$32,627	Conventional	General	4	100%	100%
North Oak	Richmond City	\$5,200,000	\$4,233,266	Tax Credit	General	143	95%	100%
Northwinds	Wythe County	\$3,030,000	\$2,619,097	Tax Credit	General	144	92%	100%
Norton Green	Norton City	\$311,000	\$242,429	Tax Credit, RD515	Elderly	40	98%	100%
Nottoway River Commons	Sussex County	\$1,045,000	\$807,277	Tax Credit, RD515	General	44	95%	100%
Oakdale Square	Chesapeake City	\$710,000	\$407,942	Tax Credit	General	40	80%	100%
Oakland Village	Henrico County	\$765,000	\$336,323	Tax Credit, RAD	General	100	100%	100%
Oaks I	Fauquier County	\$3,630,000	\$2,432,954	Tax Credit	Elderly	96	100%	100%
Oaks II	Fauquier County	\$750,000	\$320,710	Tax Credit	Elderly	15	100%	100%
Oakwood South Nine	Fairfax County	\$6,338,000	\$6,338,000	Tax Credit	Elderly	71	99%	100%
Ocean Trace	Virginia Beach City	\$1,425,000	\$1,144,367	Conventional	General	12	100%	100%
October Station	Suffolk City	\$3,325,000	\$3,005,684	Tax Credit	General	48	94%	100%
Old Manchester Plaza I (3)	Richmond City	\$2,520,000	\$2,008,391	Tax Credit	General	46	85%	100%
Old Manchester Plaza II	Richmond City	\$950,000	\$717,908	MUMI (2)	General	4	100%	100%
Old Manchester Plaza III	Richmond City	\$300,000	\$246,767	MUMI (2)	General	0	n/a	100%
Old Prices Fork I	Montgomery County	\$1,300,000	\$1,132,496	MUMI (2)	Elderly	16	94%	100%
Old Prices Fork II	Montgomery County	\$1,950,000	\$1,864,001	Mixed Income Only	General	16	100%	100%
Old Stone Row	Richmond City	\$9,000,000	\$7,650,015	Conventional	General	97	87%	100%
Omni Park Place	Hanover County	\$4,900,000	\$4,738,155	Tax Credit	Elderly	61	98%	100%
Orchard Grove	Giles County	\$360,000	\$125,668	Tax Credit	General	30	90%	100%
Orchard Mills	Prince William County	\$34,910,000	\$26,083,006	Tax Credit	General	280	99%	100%
Orchard Ridge at Jackson Village	Spotsylvania County	\$23,780,000	\$22,391,933	Tax Credit	General	169	99%	100%
Orchard Ridge at Jackson Village II	Spotsylvania County	\$10,800,000	\$10,176,847	Tax Credit	General	76	99%	100%

Orchards at Belleville Harbour	Suffolk City	\$6,400,000	\$4,557,780	Tax Credit	Elderly	136	98%	100%
Overlook at Brook Run I	Henrico County	\$8,000,000	\$7,128,175	Tax Credit	General	156	90%	100%
Overlook at Brook Run II	Henrico County	\$6,660,000	\$5,924,174	Tax Credit	General	126	92%	100%
Overlook Terrace	Spotsylvania County	\$4,875,000	\$4,261,761	Tax Credit	General	72	93%	100%
Oxford Square	Tazewell County	\$696,300	\$427,759	Tax Credit, RD515	General	87	98%	100%
Oyster Point - Brighton	Newport News City	\$2,950,000	\$2,532,666	Tax Credit, RAD	General	196	97%	100%
Pace on Main	Danville City	\$1,890,000	\$1,729,754	Conventional	General	14	100%	100%
Parc Crest at Poplar Forest	Prince Edward County	\$900,000	\$689,255	Tax Credit	Elderly	44	91%	100%
Parc Rosslyn	Arlington County	\$49,300,000	\$39,186,724	Tax Credit	General	238	98%	100%
ParcView	Alexandria City	\$15,250,000	\$11,831,004	Tax Credit	General	149	97%	100%
Parham Park Place I	Henrico County	\$3,844,000	\$1,475,321	Tax Credit	Elderly	86	99%	100%
Parham Park Place II	Henrico County	\$2,700,000	\$1,879,782	Tax Credit	Elderly	51	100%	100%
Park Street Square	Roanoke City	\$550,000	\$406,647	Tax Credit	General	25	92%	100%
Parkside at Charles Street	Newport News City	\$13,640,000	\$12,064,513	Conventional	General	148	99%	100%
Parkstone	Alexandria City	\$82,650,000	\$81,651,787	Mixed Income Only	General	326	92%	100%
Parkview Gardens	Prince Edward County	\$2,050,000	\$1,656,520	Tax Credit	General	80	95%	100%
Parkway Village	Waynesboro City	\$2,266,000	\$3,780,194	Tax Credit, Section 8	General	126	90%	100%
Pathway Homes 4024 Hirst Drive	Fairfax County	\$780,000	\$514,707	Conventional	Supportive Hsg	8	n/a	100%
Pathway Homes Fairfax	Fairfax County	\$316,512	\$228,212	Conventional	Supportive Hsg	9	n/a	100%
Patrick Henry Lofts	Roanoke City	\$11,075,000	\$9,344,326	Conventional	General	133	99%	100%
Pavilion	Newport News City	\$2,130,000	\$1,744,399	Tax Credit	General	32	97%	100%
Pecan Acres Estates I	Petersburg City	\$5,086,264	\$5,020,718	Tax Credit, RAD	General	50	94%	100%
Pendleton Park	Alexandria City	\$2,500,000	\$1,880,496	Tax Credit	General	24	100%	100%
Penny at Jackson Ward	Richmond City	\$24,300,000	\$23,655,248	MUMI (2)	General	166	96%	100%
Perry Street Lofts	Petersburg City	\$16,644,996	\$10,671,266	conventional	General	149	83%	100%
Peters Creek I & II	Roanoke County	\$9,550,000	\$8,425,088	Tax Credit	General	168	96%	100%
Phelps Road Place	Amherst County	\$125,000	\$96,574	Tax Credit	Elderly	22	91%	100%
Pilot House	Newport News City	\$8,575,000	\$7,661,562	Tax Credit	General	132	93%	100%
Pine and Ninth Street	Charlottesville City	\$652,000	\$290,546	Conventional	Supportive Hsg	8	88%	100%
Pine Forest	King George County	\$169,993	\$159,308	Tax Credit, RD515	General	40	98%	100%
Pine Street North	Charlottesville City	\$504,000	\$296,762	Conventional	Supportive Hsg	6	83%	100%
Pinecrest	Brunswick County	\$2,125,000	\$1,472,416	Tax Credit	General	70	86%	100%
Pinecrest	Bedford County	\$2,450,000	\$2,337,692	Tax Credit, RD515	General	64	92%	100%
Pines	Spotsylvania County	\$648,000	\$238,881	Tax Credit, RD515	General	46	100%	100%
Piper's Landing	Virginia Beach City	\$5,512,327	\$4,599,312	Conventional	General	153	95%	100%
Planters Woods	Mecklenburg County	\$525,000	\$459,975	Tax Credit, RD515	General	46	98%	100%
Ponce de Leon	Roanoke City	\$7,655,000	\$6,468,213	MUMI (2)	General	90	97%	100%
Poplar Forest	Prince Edward County	\$3,904,664	\$3,348,106	Conventional	General	66	98%	100%
Port 58 at Hillpoint Farms	Suffolk City	\$40,950,000	\$40,056,939	Mixed Income Only	General	230	93%	100%
Potomac Crest	Stafford County	\$17,400,000	\$17,205,589	Tax Credit	General	144	100%	100%
Powell Valley Village	Lee County	\$693,000	\$631,399	Tax Credit, RD515	General	34	100%	100%
Preston Lake	Rockingham County	\$22,218,000	\$21,526,190	Conventional	General	144	96%	100%
Preston Place	Frederick County	\$16,400,000	\$13,262,452	Tax Credit	General	236	100%	100%
Pretlow-Old Town	Franklin City	\$1,250,000	\$1,015,625	Tax Credit, RAD	General	75	92%	100%
Progress Street Center	Fredericksburg City	\$735,000	\$212,143	Conventional	Supportive Hsg	6	n/a	100%
Pulaski Village	Pulaski County	\$710,000	\$553,456	Tax Credit, RD515	Elderly	44	98%	100%

Quaker Hill	Alexandria City	\$3,182,000	\$2,502,416	Tax Credit	General	60	100%	100%
Quarry Station	Manassas City	\$4,505,000	\$4,495,804	Tax Credit	Elderly	80	99%	100%
Quarter Mill	Henrico County	\$14,700,000	\$11,382,928	Tax Credit	General	266	98%	100%
Quarterpath Place (10)	Williamsburg City	\$3,617,500	\$2,916,748	Conventional	General	54	98%	100%
Quarters at Park View	Portsmouth City	\$20,450,000	\$18,341,926	Conventional	General	140	94%	100%
Quebec	Arlington County	\$19,800,000	\$15,781,030	Tax Credit	General	172	99%	100%
Queens Court North	Arlington County	\$19,320,000	\$18,753,452	Tax Credit	General	159	95%	100%
Queens Court South	Arlington County	\$9,245,000	\$9,001,328	Tax Credit	General	90	99%	100%
R. C. Apartments	Richmond City	\$786,000	\$567,784	MUMI (2)	General	7	100%	100%
Radford Fitness Center	Radford City	\$525,000	\$405,845	MUMI (2)	General	8	88%	100%
Rappahannock	Essex County	\$228,000	\$138,803	Tax Credit, RD515	General	30	100%	100%
Rebecca's Haven	Hampton City	\$190,000	\$135,516	Conventional	Supportive Hsg	1	n/a	100%
Reese Village	Emporia City	\$286,000	\$104,952	Tax Credit, RD515	General	40	95%	100%
Regency at Longhill	James City County	\$23,100,000	\$19,859,480	Conventional	General	224	95%	100%
Remuda Crossing	Chesterfield County	\$1,279,716	\$639,671	Conventional	General	50	98%	100%
Renaissance I	Virginia Beach City	\$8,660,000	\$8,164,050	Tax Credit	General	96	99%	100%
Renaissance II	Virginia Beach City	\$9,500,000	\$8,938,179	Tax Credit	General	96	95%	100%
Renaissance III	Virginia Beach City	\$6,850,000	\$6,486,702	Conventional	General	48	98%	100%
ReNew Purcellville (10)	Loudoun County	\$4,900,000	\$2,427,685	Tax Credit	General	90	100%	100%
Reserve at Daleville	Botetourt County	\$26,000,000	\$25,071,205	Conventional	General	188	99%	100%
Reserve at Stone Port II	Rockingham County	\$40,560,000	\$38,942,318	Conventional	General	240	97%	100%
Residences at October	Suffolk City	\$1,800,000	\$1,501,839	Tax Credit	General	72	99%	100%
Reston Herndon II	Fairfax County	\$339,300	\$89,860	Conventional	General	3	100%	100%
Reston Herndon III	Fairfax County	\$450,000	\$156,959	Conventional	General	3	100%	100%
Retreat at Harbor Pointe	Norfolk City	\$27,715,000	\$26,485,409	Tax Credit	General	246	92%	100%
Richmond Dairy	Richmond City	\$4,400,000	\$2,697,054	Tax Credit	General	113	83%	100%
Ridge I	Shenandoah County	\$890,000	\$414,746	Tax Credit	General	38	98%	100%
Ridge II	Shenandoah County	\$950,000	\$470,558	Tax Credit	General	38	98%	100%
Ridge III	Shenandoah County	\$115,000	\$468,462	Tax Credit	General	24	98%	100%
Ridgecrest Town	Bristol City	\$2,550,000	\$2,049,888	Tax Credit	General	72	100%	100%
RIHC Townhouses	Fairfax County	\$245,000	\$51,454	Conventional	General	3	100%	100%
Rio Hill	Albemarle County	\$3,650,000	\$693,661	Tax Credit	General	139	95%	100%
Rip Rap Road	Hampton City	\$531,206	\$481,356	Conventional	Supportive Hsg	2	100%	100%
Rise at Regency	Henrico County	\$58,000,000	\$57,601,953	Conventional	General	320	93%	100%
River House	Roanoke City	\$11,275,000	\$9,016,604	MUMI (2)	General	128	100%	100%
River Street Lofts	Petersburg City	\$1,200,000	\$1,016,941	MUMI (2)	General	8	75%	100%
Riverbend II	Gloucester County	\$4,125,000	\$3,958,457	Tax Credit	General	60	98%	100%
Riverbend III	Gloucester County	\$2,950,000	\$2,833,871	Tax Credit	General	28	89%	100%
Rivermeade II	York County	\$290,000	\$183,027	Tax Credit, RD515	General	32	84%	100%
Rivers	Chesapeake City	\$2,490,000	\$1,743,223	Tax Credit, RD515	General	240	96%	100%
Riverside Park	Hopewell City	\$3,515,000	\$1,690,866	Conventional	General	120	100%	100%
Riverside Station	Norfolk City	\$14,000,000	\$13,888,456	Tax Credit	General	120	96%	100%
Riverside Station II	Norfolk City	\$14,950,000	\$14,870,021	Tax Credit	General	116	97%	100%
Riverstone	Chesapeake City	\$3,433,000	\$1,304,014	Conventional	General	92	93%	100%
Riverwoods	Prince William County	\$12,700,000	\$9,794,367	Tax Credit	General	156	98%	100%
Roanoke Apartments	Newport News City	\$735,000	\$688,732	Conventional	General	12	n/a	100%

Robert Regan Village	Clarke County	\$16,700,000	\$16,208,279	Tax Credit	Elderly	120	93%	100%
Robinson Park	Rockingham County	\$3,185,000	\$2,860,625	Tax Credit	General	88	91%	100%
Roland E. Cook Lofts	Roanoke County	\$2,150,000	\$1,884,128	Conventional	General	21	100%	100%
Rolling Meadows	James City County	\$14,325,000	\$12,915,001	Tax Credit	General	200	98%	100%
Rosa	Richmond City	\$4,172,000	\$4,016,238	Tax Credit, RAD	Elderly	72	100%	100%
Rose Hall II	Virginia Beach City	\$3,825,000	\$2,034,272	Conventional	General	152	100%	100%
Round Hill Meadows	Orange County	\$2,650,000	\$2,166,181	Tax Credit	General	60	98%	100%
Round Hill Meadows Place	Orange County	\$3,520,000	\$2,886,479	Conventional	General	40	100%	100%
Royal Hills I	Warren County	\$600,000	\$475,437	Tax Credit, RD515	General	46	96%	100%
Royal Oaks	Norfolk City	\$3,900,000	\$971,784	Conventional	General	114	97%	100%
Rutledge Hills	Amherst County	\$540,000	\$384,735	Tax Credit, RD515	General	48	96%	100%
Sandston Woods	Henrico County	\$750,000	\$510,214	Tax Credit, RD515	General	64	100%	100%
Sapling Grove	Bristol City	\$450,000	\$319,754	Tax Credit	General	26	100%	100%
Scottsville School	Albemarle County	\$1,430,000	\$1,151,497	Tax Credit	Elderly	34	94%	100%
Scout	Richmond City	\$33,700,000	\$32,669,903	MUMI (2)	General	218	98%	100%
Seaside Harbor (3)	Virginia Beach City	\$2,400,000	\$2,181,313	Tax Credit	General	76	100%	100%
Senseny Place	Frederick County	\$3,350,000	\$3,336,275	Tax Credit	Elderly	63	100%	100%
Shalom	Lynchburg City	\$325,000	\$256,980	Tax Credit	General	46	87%	100%
Shell	Arlington County	\$8,550,000	\$7,339,834	MUMI (2)	General	83	100%	100%
Shell Gardens	Hampton City	\$750,000	\$129,398	Tax Credit	General	48	81%	100%
Shelton	Arlington County	\$9,000,000	\$7,166,579	MUMI (2)	General	94	85%	100%
Shenandoah Commons	Shenandoah County	\$750,000	\$259,107	Tax Credit	Elderly	38	92%	100%
Shire	Chesapeake City	\$1,935,000	\$1,660,528	Tax Credit	General	40	73%	100%
Shockoe Valley View I	Richmond City	\$12,400,000	\$10,728,118	Conventional	General	151	94%	100%
Shockoe Valley View II	Richmond City	\$9,950,000	\$9,078,849	MUMI (2)	General	87	97%	100%
Shorehaven	Prince William County	\$23,800,000	\$19,903,032	Tax Credit	General	240	99%	100%
Skyline Vista	Warren County	\$3,538,000	\$2,805,606	Tax Credit	General	82	85%	100%
Smith Seeds Building	Danville City	\$2,363,000	\$2,246,699	MUMI (2)	General	20	100%	100%
Smokey Ridge	Montgomery County	\$330,000	\$278,181	Tax Credit, RD515	General	52	98%	100%
Somanath Seniors at Beckstoffers	Richmond City	\$1,285,000	\$1,043,371	Tax Credit	Elderly	39	100%	100%
Somerset at Town Center	Hampton City	\$9,000,000	\$7,114,870	Tax Credit	Elderly	151	99%	100%
Sommerset House	Loudoun County	\$6,975,000	\$4,901,726	Conventional	Elderly	102	67%	100%
South 16	Roanoke City	\$15,100,000	\$13,162,916	MUMI (2)	General	157	91%	100%
South Falls I	Richmond City	\$43,000,000	\$41,974,438	MUMI (2)	General	255	92%	100%
South Knight	Fairfax County	\$307,000	\$99,602	Conventional	General	3	100%	100%
Southside Gardens	Portsmouth City	\$2,100,000	\$3,574,615	Tax Credit, Section 8	General	134	97%	100%
SouthWind	Norfolk City	\$5,600,000	\$4,438,537	Tax Credit	General	120	99%	100%
Spectrum	Richmond City	\$10,700,000	\$9,811,102	Conventional	General	103	95%	100%
Spicer's Mill	Orange County	\$314,000	\$213,666	Tax Credit, RD515	General	40	95%	100%
Spratley House	Newport News City	\$1,400,000	\$1,336,224	Tax Credit, RAD	Supportive Hsg	50	98%	100%
Spring Creek	Norfolk City	\$1,850,000	\$1,253,422	Conventional	General	62	92%	100%
Springs	Arlington County	\$8,565,000	\$7,380,749	Tax Credit	General	104	98%	100%
St. James Street	Petersburg City	\$172,800	\$49,523	Conventional	General	6	83%	100%
Stafford Lakes	Stafford County	\$4,850,000	\$1,443,301	Tax Credit	General	150	99%	100%
Station at Chester Village	Chesterfield County	\$33,400,000	\$32,879,762	Mixed Income Only	General	201	97%	100%
Station at Potomac Yard	Alexandria City	\$8,350,000	\$7,033,922	MUMI (2)	General	64	100%	100%

Steeplechase Manor	Fauquier County	\$5,520,000	\$5,350,142	Tax Credit	General	56	96%	100%
Stepping Stone	Roanoke City	\$500,000	\$260,652	Tax Credit	General	30	93%	100%
Sterling Beaufont	Richmond City	\$6,450,000	\$5,209,047	Conventional	General	128	91%	100%
Stevens Woods	Southampton County	\$1,745,000	\$1,370,684	Tax Credit, RD515	General	60	93%	100%
Stonegate	Lee County	\$296,380	\$165,098	Tax Credit, RD515	General	36	81%	100%
Studios II	Richmond City	\$357,263	\$295,829	Tax Credit	Supportive Hsg	39	90%	100%
Summer Haven	Virginia Beach City	\$3,300,000	\$2,929,813	Tax Credit	General	57	95%	100%
Summit	Richmond City	\$30,400,000	\$29,556,184	MUMI (2)	General	166	96%	100%
Summit	Hopewell City	\$2,209,000	\$1,807,731	Tax Credit, RAD	General	56	84%	100%
Sunnyside Village I	Northampton County	\$88,000	\$18,851	Conventional	General	16	94%	100%
Sunrise	Charlottesville City	\$4,320,000	\$4,186,147	Conventional	General	22	100%	100%
Sunset Creek	Hampton City	\$13,600,000	\$12,835,423	Tax Credit	General	160	98%	100%
Surry Village I	Surry County	\$700,000	\$352,755	Tax Credit, RD515	General	48	100%	100%
Surry Village II	Surry County	\$300,000	\$237,719	Tax Credit, RD515	General	32	94%	100%
Sweetbriar I	Washington County	\$517,045	\$392,837	Tax Credit	General	20	100%	100%
Sycamore Towers	Petersburg City	\$4,000,000	\$3,678,668	Tax Credit, RAD	Elderly	100	96%	100%
Tappahannock Greens	Essex County	\$266,000	\$246,165	Tax Credit, RD515	Elderly	40	100%	100%
Taylor Bend	Chesapeake City	\$3,268,000	\$2,436,065	Conventional	General	30	97%	100%
Tazewell Square	Tazewell County	\$307,000	\$188,598	Tax Credit, RD515	General	56	86%	100%
Terrace North	Roanoke City	\$1,870,000	\$1,455,061	Tax Credit	General	78	88%	100%
Terrace South	Roanoke City	\$2,735,000	\$2,123,844	Tax Credit	General	109	93%	100%
Terwilliger East	Arlington County	\$11,910,000	\$11,689,221	Tax Credit	General	80	99%	100%
Terwilliger West	Arlington County	\$7,930,000	\$7,821,196	Tax Credit	General	80	96%	100%
Thrive	Chesapeake City	\$7,600,000	\$6,705,386	Tax Credit	General	102	98%	100%
Tobacco Landing	Richmond City	\$1,000,000	\$474,422	Tax Credit	General	62	97%	100%
Tomcliff II	Richmond City	\$950,000	\$246,094	Conventional	General	4	75%	100%
Tomcliff III	Richmond City	\$925,000	\$444,979	Conventional	General	5	100%	100%
Tomcliff IV	Richmond City	\$945,000	\$190,211	Conventional	General	2	n/a	100%
Tomcliff V	Richmond City	\$950,000	\$303,873	Conventional	General	3	n/a	100%
Tomcliff VI	Richmond City	\$1,220,000	\$474,251	Conventional	General	4	75%	100%
Toms Brook School	Shenandoah County	\$315,000	\$239,378	Tax Credit	General	14	100%	100%
Towne Square	Prince William County	\$15,000,000	\$11,566,655	Tax Credit	General	135	99%	100%
Townhomes at Warwick Place	Richmond City	\$2,725,000	\$2,430,466	Tax Credit	General	40	100%	100%
Townhomes at Warwick Place II	Richmond City	\$1,800,000	\$1,709,586	Tax Credit	General	30	100%	100%
Townsquare at Dumfries	Prince William County	\$31,080,000	\$29,946,137	Tax Credit	General	227	97%	100%
Tranquility at the Lakes	Virginia Beach City	\$1,579,000	\$1,386,637	Tax Credit	Elderly	40	98%	100%
Trevilian Square	Louisa County	\$1,120,000	\$861,790	Conventional	General	28	89%	100%
Tuscany Townhomes	Richmond City	\$4,792,502	\$3,661,166	Tax Credit	General	132	98%	100%
Tyson's Landing	Fairfax County	\$1,500,000	\$767,702	Tax Credit	General	40	100%	100%
Tyson's Towers	Fairfax County	\$19,000,000	\$17,458,719	RAD, Section 236	Elderly	274	97%	100%
University Suites at Port Warwick	Newport News City	\$11,500,000	\$7,442,232	Conventional	General	314	97%	100%
Urban Hope - N 20th	Richmond City	\$250,000	\$243,088	Conventional	General	4	75%	100%
Urban Hope: Chimborazo Boulevard	Richmond City	\$315,000	\$286,743	Conventional	General	4	75%	100%
Valley View Retirement Community	Lynchburg City	\$7,326,700	\$4,314,588	Conventional	Elderly	122	70%	100%
Valley Vista	Shenandoah County	\$2,129,100	\$1,616,156	Tax Credit	General	85	98%	100%
Valor	Fredericksburg City	\$16,750,000	\$15,432,650	Tax Credit	General	128	95%	100%

Valor West	Fredericksburg City	\$17,900,000	\$16,826,216	Tax Credit	General	120	93%	100%
Van De Vyver (10)	Richmond City	\$12,160,000	\$11,602,944	Tax Credit	General	82	100%	100%
Victoria Park	Prince William County	\$8,900,000	\$7,537,260	Tax Credit	Elderly	110	96%	100%
Victoria Place	Lunenburg County	\$550,000	\$423,532	Tax Credit, RD515	Elderly	39	95%	100%
Victory Village	Portsmouth City	\$7,980,000	\$7,028,249	Tax Credit	General	112	96%	100%
Vida East (10)	Richmond City	\$20,750,000	\$19,497,812	Conventional	General	178	85%	100%
Village at Oakview	Bristol City	\$825,000	\$710,154	Tax Credit	General	48	98%	100%
Village at Rockbridge	Rockbridge County	\$1,500,000	\$1,192,735	Tax Credit, Section 8	General	64	100%	100%
Village Green	Gloucester County	\$330,000	\$291,798	Tax Credit, RD515	General	32	100%	100%
Villages at Goose Pond	Fauquier County	\$13,700,000	\$11,994,076	Conventional	General	71	100%	100%
Villas at October	Suffolk City	\$2,860,000	\$2,582,961	Tax Credit	General	39	97%	100%
Villas at Reid Landing	Suffolk City	\$3,250,000	\$3,133,608	Tax Credit	Elderly	51	90%	100%
Virnita Court	Charlottesville City	\$765,000	\$534,600	Tax Credit	General	16	94%	100%
vPoint Clarendon	Arlington County	\$14,500,000	\$12,495,363	Tax Credit	General	116	97%	100%
Vue	Albemarle County	\$21,750,000	\$20,711,812	Conventional	General	126	96%	100%
Vue at Westchester Commons	Chesterfield County	\$36,000,000	\$34,733,579	Conventional	General	238	89%	100%
Waddell Estates	Smyth County	\$605,000	\$373,546	Conventional	General	17	71%	100%
Washburn Place	Fauquier County	\$3,420,545	\$3,134,102	Tax Credit	General	30	83%	100%
Washington Square	Emporia City	\$222,396	\$210,013	Tax Credit, RD515	General	24	96%	100%
Waverton Impressions I & II	Newport News City	\$27,000,000	\$25,077,152	Conventional	General	282	92%	100%
Waverton Impressions III	Newport News City	\$12,800,000	\$11,994,132	Conventional	General	132	93%	100%
West Main Development	Pulaski County	\$425,000	\$389,045	Conventional	General	4	n/a	100%
West Main Street Townhouses	Pulaski County	\$550,000	\$201,613	Conventional	General	13	100%	100%
Westbriar	Henrico County	\$274,500	\$142,706	Conventional	Supportive Hsg	5	n/a	100%
Westbridge Commons	Chesapeake City	\$1,530,000	\$267,101	Tax Credit	General	60	100%	100%
Westminster Oaks	Fairfax County	\$5,500,000	\$4,662,697	Tax Credit	General	50	100%	100%
Weston Circle	Fredericksburg City	\$13,200,000	\$11,162,378	Tax Credit	General	150	91%	100%
Westover Commons	Petersburg City	\$2,185,000	\$1,075,558	Tax Credit	General	84	92%	100%
Wexford Manor I	Fairfax County	\$3,600,000	\$3,114,379	Tax Credit	General	38	100%	100%
Wexford Manor II	Fairfax County	\$4,625,000	\$4,016,546	Tax Credit	General	36	100%	100%
Wheatland	Franklin County	\$656,000	\$347,580	Conventional	General	11	91%	100%
White's Mill Point	Washington County	\$500,000	\$294,010	Tax Credit	General	32	81%	100%
Whittaker Place (10)	Newport News City	\$3,900,000	\$3,488,193	Tax Credit	General	67	97%	100%
Wicklow Square	Fredericksburg City	\$7,000,000	\$6,019,428	Tax Credit	General	96	96%	100%
William Byrd	Richmond City	\$4,900,000	\$4,265,249	Tax Credit	Elderly	104	97%	100%
William Watters (Lynhaven)	Arlington County	\$1,930,000	\$1,627,294	Tax Credit	General	21	95%	100%
Willow Branch	Amherst County	\$150,000	\$135,458	Tax Credit, RD515	General	48	94%	100%
Willow Oaks	Halifax County	\$2,805,830	\$2,320,504	Tax Credit	General	72	94%	100%
Wilsendale I	Hampton City	\$6,997,000	\$5,980,599	MUMI (2)	General	60	95%	100%
Wilton Farm	Albemarle County	\$6,700,000	\$5,039,916	Tax Credit	General	144	96%	100%
Windsor Court I	Isle of Wight County	\$387,000	\$159,081	Tax Credit, RD515	General	40	98%	100%
Woodbridge	Prince William County	\$300,000	\$204,045	Conventional	Supportive Hsg	4	100%	100%
Woodland Hill	Arlington County	\$20,750,000	\$18,200,263	Tax Credit	Elderly	235	99%	100%
Woodlands II	Albemarle County	\$28,200,000	\$26,547,097	Conventional	General	159	97%	100%
Woodlawn School	Carroll County	\$1,500,000	\$1,479,051	MUMI (2)	General	51	76%	100%
Woodpecker Road Group Home	Chesterfield County	\$270,000	\$220,062	Conventional	Supportive Hsg	5	n/a	100%

Woodridge	Roanoke City	\$1,200,000	\$694,394	Conventional	General	96	95%	100%
Woodrum Manor and Westview	Giles County	\$315,000	\$231,698	Tax Credit	General	26	73%	100%
Woods at Brambleton	Loudoun County	\$17,170,000	\$15,763,713	Tax Credit	General	202	99%	100%
Yorktown Arch	York County	\$12,545,000	\$10,738,312	Conventional	General	92	98%	100%
Yorktown Square I	York County	\$1,901,000	\$957,598	Tax Credit	General	56	89%	100%

Subtotals

\$4,830,722,731.94

\$4,309,098,691.65

55,916

Developments that are financed by construction loans

288 Lofts I	Chesterfield County	\$12,200,000	\$4,954,116	Tax Credit	General	112	n/a	62%
288 Lofts Phase II	Chesterfield County	\$6,400,000	\$1,097,695	Tax Credit	General	48	n/a	25%
925 Apartments	Virginia Beach City	\$15,100,000	\$11,314,711	Tax Credit	General	128	n/a	100%
925 Apartments II	Virginia Beach City	\$12,550,000	\$9,109,685	Tax Credit	General	92	n/a	95%
Aqua Vista	Newport News City	\$21,000,000	\$19,440,918	Tax Credit	General	150	7%	61%
Arbors at Birchwood	Virginia Beach City	\$22,400,000	\$17,824,873	Mixed Income Only	General	150	n/a	96%
Arbors at Hull Street	Richmond City	\$16,980,000	\$11,548,982	Tax Credit	Elderly	186	n/a	97%
Arbors at Pembroke	Hampton City	\$16,550,000	\$10,249,192	Mixed Income Only	Elderly	150	n/a	96%
Arna + Marbella	Arlington County	\$32,380,000	\$21,318,810	Tax Credit	General	163	n/a	58%
Ashlake Crossing	Chesterfield County	\$9,250,000	\$169,275	Tax Credit	Elderly	67	n/a	8%
Aspire	Norfolk City	\$12,840,000	\$8,395,697	Tax Credit	General	85	n/a	57%
Benn's Grant	Isle of Wight County	\$46,990,000	\$32,311,603	Mixed Income Only	General	240	n/a	82%
Block 19	Norfolk City	\$10,040,000	\$8,555,908	Tax Credit	General	72	n/a	100%
Block 20	Norfolk City	\$18,800,000	\$13,273,160	Tax Credit	General	120	n/a	96%
Carnation Drive	Richmond City	\$26,250,000	\$15,860,422	Tax Credit	General	218	n/a	47%
Coves at Monticello	Fluvanna County	\$19,120,000	\$15,192,067	Tax Credit	General	124	n/a	76%
Crevenna Oaks	Fairfax County	\$14,600,000	\$13,900,000	Tax Credit	General	50	98%	0%
Friendship Court Phase 1	Charlottesville City	\$16,236,000	\$12,807,783	Tax Credit	General	106	n/a	92%
Fusion at Neon	Norfolk City	\$48,000,000	\$32,214,675	Conventional	General	237	n/a	73%
Heights at Brady Square II	Richmond City	\$5,925,000	\$5,206,566	Tax Credit	General	66	18%	94%
Heights at Brady Square IV	Richmond City	\$6,190,000	\$3,479,717	Tax Credit	General	66	n/a	61%
Liberty Gardens	Chesterfield County	\$2,580,000	\$1,534,247	Tax Credit	General	90	n/a	0%
Local	Winchester City	\$39,370,000	\$23,520,658	Conventional	General	198	n/a	67%
Lodge at Autumn Willow II	Fairfax County	\$14,000,000	\$3,159,238	Tax Credit	Elderly	75	n/a	17%
Meridian Bay (6)	Prince William County	\$15,000,000	\$15,000,000	Conventional	General	345	87%	95%
Miller's Rest	Lynchburg City	\$5,800,000	\$5,800,000	Tax Credit	General	80	69%	99%
Miller's Rest II 4%	Lynchburg City	\$7,170,000	\$1	Tax Credit	General	75	n/a	44%
Palmers Creek - Phase II	Spotsylvania County	\$33,850,000	\$23,029,911	Tax Credit	General	200	n/a	64%
Piper Square	Hopewell City	\$11,350,000	\$8,367,719	Tax Credit, RAD	General	104	51%	81%
Princedale	Prince William County	\$54,000,000	\$7,545,362	Tax Credit	General	280	n/a	24%
Quantico Terrace	Prince William County	\$8,700,000	\$4,517,754	Conventional	General	51	n/a	34%
Rebkee Westchester	Chesterfield County	\$49,540,000	\$43,752,091	Conventional	General	250	n/a	97%
Residences at North Hill I - B	Fairfax County	\$11,400,000	\$10,649,315	Tax Credit	General	47	n/a	100%
Residences at North Hill II - A	Fairfax County	\$10,225,000	\$9,266,939	Tax Credit	Elderly	75	n/a	100%
Residences at North Hill II - B	Fairfax County	\$20,650,000	\$19,382,563	Tax Credit	General	94	n/a	100%
Richmond Family Housing 1	Richmond City	\$17,000,000	\$13,606,903	Tax Credit, RAD	General	122	59%	61%
Richmond Family Housing 2	Richmond City	\$11,200,000	\$9,208,544	Tax Credit, RAD	General	82	59%	57%

Salem Run I	Spotsylvania County	\$29,200,000	\$28,294,406	Tax Credit	General	160	90%	94%
Salem Run II	Spotsylvania County	\$21,700,000	\$21,352,972	Tax Credit	General	108	85%	95%
Summit Oaks	Fairfax County	\$13,600,000	\$12,600,000	Tax Credit	General	50	98%	0%
Urbana at Hioaks	Richmond City	\$26,300,000	\$19,283,969	Tax Credit	General	216	n/a	75%
Virginia Center Commons	Henrico County	\$55,700,000	\$10,650,243	Mixed Income Only	General	275	n/a	34%
Waxpool (3)	Loudoun County	\$10,380,000	\$10,380,000	Tax Credit	General	52	n/a	93%
West View	Henrico County	\$68,847,000	\$60,245,140	Mixed Income Only	General	282	n/a	100%
Winchester Forest 4%	Chesterfield County	\$12,250,000	\$6,707,207	Conventional	General	88	n/a	61%
Woodman Road	Henrico County	\$80,250,000	\$62,448,781	MUMI (2)	General	350	n/a	88%

Subtotals

\$1,019,863,000 **\$698,529,815**

6,379

Developments for which loans have been committed and bond proceeds have not been disbursed

Arbors at 29 North	Greene County	\$15,900,000	n/a	Tax Credit	Elderly	120	n/a	n/a
Ashlake Trails 9%	Chesterfield County	\$6,825,000	n/a	Tax Credit	Elderly	67	n/a	n/a
Autumn Willow 9	Fairfax County	\$8,865,000	n/a	Tax Credit	General	75	n/a	n/a
Ballston Station	Alexandria City	\$12,650,000	n/a	MUMI (2)	General	144	n/a	n/a
Block 17 & 18 Combined	Norfolk City	\$33,600,000	n/a	Mixed Income Only	General	140	n/a	n/a
Braddock Terrace	Loudoun County	\$5,225,000	n/a	Tax Credit	General	20	n/a	n/a
Carrier Point I	Newport News City	\$2,347,000	n/a	Mixed Income Only	General	43	n/a	n/a
Cool Lane	Henrico County	\$5,000,000	n/a	Tax Credit	Supportive Hsg	86	n/a	n/a
Creighton Phase A	Richmond City	\$4,800,000	n/a	Tax Credit	General	68	n/a	n/a
Crescent Halls	Charlottesville City	\$3,000,000	n/a	Tax Credit	Elderly	105	n/a	n/a
Dewitt-Wharton Manufacturing Bldg	Lynchburg City	\$2,500,000	n/a	Conventional	General	24	n/a	n/a
Dominion South Four	Fairfax County	\$76,270,000	n/a	Tax Credit	General	251	n/a	n/a
Fitzgerald	Danville City	\$3,480,000	n/a	Conventional	General	22	n/a	n/a
Florida Terrace	Lynchburg City	\$400,000	n/a	Tax Credit	Supportive Hsg	31	n/a	n/a
Grayson Manor	Grayson County	\$427,000	n/a	Tax Credit	Elderly	32	n/a	n/a
Heights at Brady Square I-9%	Richmond City	\$4,480,000	n/a	Tax Credit	General	66	n/a	n/a
Heights at Brady Square III	Richmond City	\$4,265,000	n/a	Tax Credit	General	66	n/a	n/a
Historic Leggett Revitalization	Lynchburg City	\$950,000	n/a	MUMI (2)	General	11	n/a	n/a
Horner	Chesterfield County	\$3,950,000	n/a	Tax Credit	General	49	n/a	n/a
Jefferson Plaza	Prince William County	\$42,715,000	n/a	Tax Credit	General	240	n/a	n/a
Lexington Seniors	Portsmouth City	\$16,750,000	n/a	Tax Credit	Elderly	105	n/a	n/a
Magnolia Place	Nottoway County	\$875,000	n/a	Tax Credit	Elderly	56	n/a	n/a
Marbella North Nine	Arlington County	\$12,130,000	n/a	Tax Credit	General	96	n/a	n/a
Marbella South Four	Arlington County	\$41,450,000	n/a	Tax Credit	General	138	n/a	n/a
Mecklenberg Manor	Mecklenberg County	\$2,000,000	n/a	Tax Credit	General	51	n/a	n/a
Middlebrook Trace II	Staunton City	\$3,504,000	n/a	Tax Credit	General	48	n/a	n/a
Miller's Rest II 4%	Lynchburg City	\$7,170,000	n/a	Tax Credit	General	75	n/a	n/a
Miller's Rest II 9%	Lynchburg City	\$2,501,000	n/a	Tax Credit	General	40	n/a	n/a
Mountain Laurel Manor III	Augusta County	\$3,520,000	n/a	Tax Credit	General	48	n/a	n/a
Newport Gardens	Norfolk City	\$5,900,000	n/a	Tax Credit	General	50	n/a	n/a
Northway	Galax City	\$575,000	n/a	Tax Credit	General	72	n/a	n/a

Oak Grove	Richmond City	\$30,750,000	n/a	Tax Credit	General	243	n/a	n/a
Oakwood North 4	Fairfax County	\$7,919,000	n/a	Tax Credit	Elderly	79	n/a	n/a
Old Hundred Trace	Chesterfield County	\$7,540,000	n/a	Tax Credit	General	54	n/a	n/a
Pin Oaks Estates	Petersburg City	\$8,694,361	n/a	Tax Credit	General	98	n/a	n/a
Parkside	Culpeper County	\$2,400,000	n/a	Tax Credit	Supportive Hsg	37	n/a	n/a
Saratoga Place	Suffolk City	\$9,418,000	n/a	Tax Credit	General	76	n/a	n/a
Senior Residences at North Hill	Fairfax County	\$8,180,000	n/a	Tax Credit	Elderly	63	n/a	n/a
South First Street Phase One	Charlottesville City	\$4,000,000	n/a	Tax Credit	General	62	n/a	n/a
Southside Lofts	Pittsylvania County	\$1,100,000	n/a	Tax Credit	General	55	n/a	n/a
Southwood A	Albemarle County	\$14,365,000	n/a	Tax Credit	General	70	n/a	n/a
Southwood B	Albemarle County	\$10,155,000	n/a	Tax Credit	General	51	n/a	n/a
View at Broadlands (3)	Loudoun County	\$16,800,000	n/a	Tax Credit	General	93	n/a	n/a
Wellesley	Newport News City	\$1,094,000	n/a	Tax Credit	Elderly	40	n/a	n/a
White Mill	Pittsylvania County	\$18,400,000	n/a	Conventional	General	150	n/a	n/a
Winchester Forest 9%	Chesterfield County	\$6,520,000	n/a	Tax Credit	General	72	n/a	n/a

Subtotals		<u><u>\$481,359,361</u></u>				<u><u>3,682</u></u>		
Grand Totals for All Developments		<u><u>\$6,331,945,093</u></u>	<u><u>\$5,007,628,507</u></u>			<u><u>65,977</u></u>		

Footnotes

- (1) Principal amount was established at final closing or, if final closing has not yet been held, the amount shown represents the principal amount in the Authority's mortgage loan commitment.
- (2) Closed under the Authority's program for Economically Mixed developments, some of which have non-housing portions. MUMI stands for Mixed Use Mixed Income and is the short name for this program.
- (3) In addition to the Mortgage Loan amount shown here, additional mortgage loan amounts are held in the Authority's General Fund and not pledged to the owners of Rental Housing Bonds. Such amounts are treated as a participation in the aggregate mortgage loan on the development.
- (4) The Authority has acquired the Development by foreclosure or deed in lieu of foreclosure.
- (5) Occupancy data for Developments marked n/a is not available. The Authority does not typically collect occupancy data on Developments containing a small number of units or Developments financed by construction loans although the data will be provided if available.
- (6) In addition to the principal amount shown here, additional principal amounts secure or are expected to secure Rental Housing Bonds. The number of units is listed here or elsewhere in this Appendix.
- (7) Developments listed in this Appendix do not include the Virginia Housing office building.
- (8) Developments noted as Tax Credit have been, or are expected to be, awarded federal low income housing tax credits pursuant to § 42 of the Code.
- (9) Current mortgage loan amount represents the amortized balance for permanent loans or committed amount disbursed for construction loans.
- (10) Forborne amounts being repaid.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**INFORMATION CONCERNING FEDERAL MULTI-FAMILY
HOUSING PROGRAMS AND REQUIREMENTS**

The following descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the statutes, regulations, agreements and contracts referred to herein, as from time to time amended. Neither the Act nor the bond resolutions obligate the Authority to qualify any development for federal housing mortgage insurance or housing assistance.

FHA Insurance Program

Under the terms of the Section 221(d)(4) insurance program authorized by the National Housing Act, a mortgagee is entitled to claim insurance benefits upon the failure of the mortgagor to make a mortgage payment (or to perform any other obligation under the mortgage if, because of such failure, the mortgagee accelerates the debt), if such default continues for 30 days. To perfect its claim for payment, the mortgagee is required either to assign the mortgage to FHA, acting through the Federal Housing Commissioner, or to tender to it good and marketable title to the property covered by the insured mortgage loan. Upon transfer of the property to FHA, mortgage insurance benefits will be paid in cash unless the mortgagee files a written request for payment in FHA debentures.

The insurance benefits paid by FHA will be an amount equal to the aggregate of (i) the unpaid principal amount of the mortgage, (ii) the amount of all payments made by the mortgagee (a) for taxes, special assessments and water rates which are liens prior to the mortgage, (b) for insurance on the property, and (c) for any mortgage insurance premiums paid after default, (iii) an allowance for reasonable payments made by the mortgagee with the approval of FHA for the completion and preservation of the property, and (iv) an amount equivalent to FHA debenture interest covering the period of time from the date of default on the mortgage loan to the date the insurance settlement occurs. From the aggregate of the foregoing amounts is deducted the total of (i) any amount received by the mortgagee on account of the mortgage after the date of default, (ii) any net income received by the mortgagee from the property covered by the mortgage after the date of default, and (iii) the sum of (a) any cash held by the mortgagee for the account of the mortgagor and which shall not have been applied in reduction of the principal of the mortgage indebtedness, (b) all funds held by the mortgagee for the account of the mortgagor received pursuant to any other agreement, and (c) the amount of any undrawn balance under a letter of credit used in lieu of a cash deposit. If the mortgage is assigned to FHA in lieu of a conveyance of the property there shall also be deducted an amount equivalent to 1% of the outstanding mortgage balance, except that all or part of the 1% may be waived by FHA if, at its request and in lieu of foreclosure, the mortgage is assigned to FHA.

FHA Risk-Sharing Insurance Program

Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act"), authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The Authority has been designated a "qualified HFA" under the Risk-Sharing Act and entered into a risk-sharing agreement (the "Risk-Sharing Agreement") with HUD on March 23, 2015.

Underwriting and Servicing

Under the program established by the Risk-Sharing Act (the "Risk-Sharing Program"), a participating HFA retains underwriting, loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, the participating HFA may obtain from HUD an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments, as further described below. After a period during which the HFA may work toward curing the default, foreclosure or resale of the related project, losses (if any) are to be calculated and apportioned between the HFA and HUD according to a specified risk-sharing percentage for the mortgage loan (determined at the time of its endorsement for insurance), and the amount of the HFA's reimbursement obligation to HUD is determined. During the period preceding such final loss settlement, the HFA is to pay HUD interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of initial claim payment. In the case of the Authority, such debenture interest and the Authority's reimbursement and other payment obligations to HUD under the Risk-Sharing Agreement will not be payable from the assets pledged under the Rental Housing Bonds Resolution, but will be a general obligation of the Authority.

FHA Mortgage Insurance Under the Risk-Sharing Program

In the case of a mortgage loan to be insured during construction, under the Regulations, HUD evidences its insurance by an initial endorsement of the applicable mortgage note at or prior to the first advance of moneys under the insured mortgage loan to the mortgagor. Such advance ordinarily occurs prior to the commencement of construction although construction may begin using a mortgagor's own funds with the Authority's consent prior to initial endorsement. All advances for construction items will be made as authorized by the Authority pursuant to the requirements of HUD. The Regulations also provide for insurance of a mortgage loan following completion of the project without insurance of construction advances. In either case,

upon completion of the project, presentation of a closing docket and certifications required by the Regulations, HUD issues a final endorsement of the mortgage note for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Authority. Although the Authority has been given authority to approve cost certifications by a mortgagor, such certifications are contestable by HUD, up to and during final endorsement of the applicable mortgage.

The Regulations define an event of default under a HUD-insured mortgage as (i) a failure to make any payment due under the mortgage or (ii) a failure to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage) if the Authority, because of such failure, has accelerated the debt. The Authority is entitled to receive the benefits of insurance after the mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30 day grace period, the Authority is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Authority has filed an application for an initial claim payment.

Unless a written extension is granted by HUD, the Authority must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Authority, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Authority certifies that the mortgagor is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days.

The initial claim amount is 100% of the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment (subject to curtailment as described below). HUD must make all claim payments in cash. The initial claim payment from HUD is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. The Regulations provide that proceeds of the initial claim payment must be used to retire any bonds or any other financing mechanisms securing the mortgage within 30 calendar days of the initial claim payment, and that any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Authority fails to meet any of the requirements of the Regulations concerning claim procedures within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late.

FHA insurance under the Risk-Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (i) the corresponding mortgage is paid in full; (ii) the Authority acquires the applicable project and notifies the FHA Commissioner that it will not file an insurance claim; (iii) a party other than the Authority acquires the applicable project at a foreclosure sale; (iv) the Authority notifies the FHA Commissioner of a voluntary termination; (v) the Authority or its successors commit fraud or make a material misrepresentation to the FHA Commissioner with respect to certain information; (vi) the receipt by the FHA Commissioner of an application for final claims settlement by the Authority; or (vii) the Authority acquires the applicable development and fails to make an initial claim.

Federal Financing Bank Financing

In 2016, the Authority entered into (i) an agreement with HUD entitled “Risk-Sharing Agreement (Federal Financing Bank Financing)” which is supplemental to the Risk Sharing Agreement, (ii) an agreement with the Federal Financing Bank, a body corporate and instrumentality of the United States of America (the “FFB”) entitled “Master Purchase and Sale Agreement,” and (iii) an agreement with both the FFB and U.S. Bank National Association, Minneapolis, Minnesota, (the “Custodian”) entitled “Master Escrow and Custody Agreement.” As a result of the foregoing agreements, the Authority had the option of FFB financing for multi-family mortgage loans that are insured under the Risk-Sharing Program. The Authority has financed 8 mortgage loans with such FFB financing. For each multi-family mortgage loan financed by the FFB, the Authority sold to the FFB a certificate representing a participation interest in such multi-family mortgage loan consisting of all principal payments due thereon and all interest payments due thereon but only at a pass-through interest rate to FFB which is less than the mortgage loan interest rate. Under these agreements, the Authority retains responsibility for originating, closing and servicing the multi-family mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority deducts a servicing fee and the mortgage insurance premium before remitting the balance of each mortgage payment to the Custodian. The Custodian funds any required accounts and pays the amounts due the FFB and the Custodian, and then pays any amount remaining to the Authority.

Section 8 Programs

The Housing and Community Development Act of 1974 amended Section 8 of the United States Housing Act of 1937 so as to establish a federal assistance program which was a source of federal housing assistance for developments of the type which the Authority financed under its multi-family program.

HUD issued special regulations for HFAs such as the Authority. With respect to developments to be permanently financed by the Authority without federal mortgage insurance, the Section 8 regulations gave the Authority a high degree of program responsibility – e.g., selection of the developer (either by advertising or negotiation), approval of design and

construction quality, site selection, economic feasibility and marketability. The description of the Section 8 program below in general relates to the long-term subsidy contracts originally entered into in connection with these developments. See "Renewal Contracts" below for a discussion of certain differences applicable to more recent Section 8 subsidy contracts.

Subsidy Contracts

Under Section 8, three principal contracts were executed. First, the HFA entered into an "Agreement to Enter Into Housing Assistance Payments Contract" with the mortgagor of the development to be constructed. This agreement ("Agreement to Enter") was approved by HUD and, subject to certain conditions, committed the mortgagor and the HFA upon completion and acceptance of the development to enter into a Housing Assistance Payments Contract ("Payments Contract") providing for the payment of the subsidy to or for the account of the mortgagor by the HFA.

At the same time that the Agreement to Enter was executed, the HFA and HUD executed an Annual Contributions Contract ("ACC"), which provides for the payment to the HFA by HUD of the subsidy to be paid by the HFA to the owner of the development pursuant to the terms of the Payments Contract. The subsidy contracts for mortgage loans other than FHA insured mortgage loans generally have original terms of 30 or 40 years. The subsidy contracts for FHA mortgage loans have original terms of 15, 20 or 30 years. See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of such subsidy contracts. See also "Renewal Contracts" below.

Initial Amount of Subsidy

Section 8 subsidies received by the HFA are based upon the "Contract Rent" applicable to specified dwelling units. The Contract Rent was initially based on the "fair market rent" for the dwelling unit, which is determined by HUD periodically with respect to each locality. Contract Rent was permitted to be initially established at an amount up to 120% of the fair market rent. Contract Rent over 100% of the fair market rent required HUD approval upon a showing of special circumstances.

The amount of the subsidy actually payable to the Authority for the account of the mortgagor is the Contract Rent less the payment made to the mortgagor by the tenant. The proportion of the Contract Rent paid by HUD and that paid by tenants will vary from month to month depending upon tenant income. The method of computation of the tenant's payment is determined by HUD regulation and is subject to change. Subject to certain exceptions for the elderly, disabled, and low-income wage earners, each tenant is required to pay a minimum rent of \$25 per month.

The maximum amount of money available annually for subsidy payments under an ACC was established at an amount equal to the annual initial Contract Rents for assisted units in the development. If the amount actually disbursed under the ACC in any given year was less than the total available amount, the excess (initially an amount approximately equal to the portion of the contract rents payable by the tenants) was set aside by HUD in an account for the particular development so as to be available for future years to fund increases in contract rents for the development to the extent they exceed the amount otherwise available under the ACC (see "Funding of Increase in Subsidy" below).

Tenants Eligible for Housing Assistance Payments

A tenant eligible for housing assistance payments ("Eligible Tenant") is a family, including an elderly, disabled or displaced person, whose income, as determined in accordance with the Section 8 regulations, does not exceed income limits promulgated by HUD for the area and who meets certain other conditions specified in the regulations. The Section 8 income limit is, in general, 80% of median income for the area, as determined by HUD. However, under the Housing and Community Development Amendments of 1981, no more than 25% of the Section 8 units which as of October 1, 1981, were subject to Payments Contracts and available for occupancy may be occupied by persons or families with incomes above 50% of the median. In addition, no more than 5% of the Section 8 units which were subject to a Payments Contract or were available for occupancy subsequent to October 1, 1981, may be leased to persons or families with incomes in excess of 50% of the median. The criteria for tenant eligibility are determined by HUD regulations and are subject to change.

Limitation on Subsidy – Vacancies

Generally, the Section 8 subsidy is payable in respect to the dwelling unit only when it is occupied by an Eligible Tenant. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied. In such situations, 80% of the Contract Rent is payable during a period of not more than sixty days, subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit.

The subsidy payments for vacant units can, under certain conditions, continue for an additional twelve months after the 60 day vacancy period described above. The amount of these subsidy payments is equal to that portion of the vacant units' Contract Rents allocable to the debt service on the permanent financing. However, the development must be operating at a deficit, and the amount of the payments cannot exceed that portion of the deficit attributable to the vacant units. HUD may deny the application for these additional subsidy payments for vacant units if it determines that there is not a reasonable prospect that the development can achieve financial soundness within a reasonable time. Furthermore, a mortgagor is entitled to these payments only if it has taken and continues to take all feasible action to rent the units, has not rejected any eligible

applicant without good cause, and has provided the Authority with the requisite notification of vacancy. Finally, the vacant units must provide safe, decent and sanitary housing.

Adjustments of Contract Rents

The statute and applicable regulations contain various provisions for review and readjustment of the Contract Rent. Provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such factors in the Federal Register. HUD currently determines the Annual Adjustment Factor based on a formula using rent and utility data from the Consumer Price Index. The Annual Adjustment Factor is applied to the then existing Contract Rents. Current law requires that the Annual Adjustment Factor be reduced by one percentage point for those units in which there was no tenant turnover during the previous year and that, in establishing Annual Adjustment Factors, HUD take into account the fact that debt service is a fixed expense.

Upon request from the owner on each anniversary date of the Payments Contract, Contract Rents will be adjusted in accordance with the Annual Adjustment Factor. In addition, provision is made in the regulations for special additional adjustments in the Contract Rents to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent that such general increases are not adequately compensated for by the Annual Adjustments. Current law prohibits any reduction in Contract Rents in effect on or after April 15, 1987 unless the Section 8 assisted development has been refinanced in a manner that reduces the debt payments of the owner of such development.

The Section 8 law and regulations require that rent adjustments shall not result in material differences between the Contract Rents and rents for comparable unassisted units, except to the extent that the differences existed at the time of execution of the Payments Contract (the difference between Contract Rents and rents for comparable units at the time of execution of the Payments Contract being referred to herein as the "Initial Difference"). Current law requires that Annual Adjustment Factor rent increases be denied to those Section 8 developments with rents above the applicable fair market rents established by HUD, unless the mortgagor demonstrates that the adjusted rent would not exceed rents for comparable unassisted units plus the Initial Difference.

Proposals have been discussed (and, in some instances, legislation has been introduced or statements made that legislation will be introduced) by HUD and by members of Congress which, if enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD, would affect many HUD programs, including the Section 8 Program. One such proposal made by HUD would have deleted the above described provision in current law that prohibits any reduction in Contract Rents in effect on or after April 15, 1987. Among the effects of such proposals could be a reduction in the Contract Rents or in the Annual Adjustments thereof for Section 8 assisted projects. Any such reduction in Contract Rents or Annual Adjustments could adversely affect the financial feasibility of certain of the Section 8 developments and the adequacy of rental income to pay principal and interest on the mortgage loans financing such developments. There can be no assurance that these proposals or legislation will or will not be enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD. At this time, the Authority cannot predict the terms of any proposals which may be enacted or implemented or the effect that any such proposals, if enacted or implemented, would have on the ability of the Section 8 developments to make timely payments of principal and interest on the mortgage loans and, in turn, on the ability of the Authority to make timely payments of interest and principal on the Authority's bonds. The enactment or implementation of such proposals may adversely affect the rating on the bonds financing the affected developments and the market price of such bonds. The Authority has not covenanted, and is not obligated under the bond resolutions pursuant to which the Authority has issued bonds to finance multi-family programs to take any action to maintain the ratings or market price of such bonds or, except as set forth in the Continuing Disclosure Agreement applicable to such bonds, to notify bond owners of any withdrawal or revision of the ratings of such bonds or any actions which would affect the ratings or market price of such bonds.

See "Renewal Contracts" below for information concerning certain past cuts to federal appropriations for Renewal Contracts (defined below).

Funding of Increases in Subsidy

Funds for the payment of increased subsidies resulting from the adjustment in the Contract Rents described above are obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account held by HUD in respect of each subsidized development of the amount by which the Contract Rents in effect from time to time exceed the actual subsidy paid by HUD (this amount is initially the approximate equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent are drawn from this fund. The regulations provide that when the HUD-approved estimate of required annual contributions exceeds the maximum ACC commitment then in effect and would cause the amount in such fund to be less than 40% of the maximum ACC commitment, HUD shall take such additional steps as authorized by subdivision (c)(6) (currently designated subdivision (c)(5)) of Section 8 (quoted below) to obtain funds to bring the amount in the account to the 40% level. Such subdivision of Section 8 provides:

"The Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new

authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes.”

It has been the practice of HUD that, when the amount in any such fund has fallen below the 40% level, HUD has not immediately replenished such fund to the 40% level but has obtained budget authority from the Congress to meet its obligation under the Payments Contract.

Payment of Subsidy

The regulations provide that in the event of foreclosure, assignment or sale to the HFA in lieu of foreclosure, or in the event of an assignment or sale agreed to by the HFA and approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the Payments Contract.

Payment of the subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments. The Authority disburses such subsidy payments by applying a portion thereof to the amount of the current payment due from the mortgagor on the mortgage loan (including the required replacement reserve and tax and insurance escrow payments), with the balance, if any, being paid directly to the mortgagor. If the multi-family development is then financed by Rental Housing Bonds, such payment on the mortgage is deposited into the revenue fund under the Rental Housing Bonds Resolution.

Compliance with Subsidy Contracts

The Agreement to Enter, the ACC and the Payments Contract all contain numerous agreements on the part of the Authority and the mortgagor including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the mortgagor, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements which are available for inspection at the offices of the Authority. Default by a mortgagor in the performance of its obligations under the Payments Contract is an event of default under the terms of its mortgage loan from the Authority which would permit foreclosure by the Authority.

From time to time HUD may issue interpretive or policy notices providing guidance on compliance with the regulations and Payments Contracts which the Authority and mortgagor also must comply with. These interpretations or policies may have the effect of increasing the Authority’s risk on the mortgage loans. For example, on August 3, 2012, HUD issued Notice H-2012-14 which requires the use of funds in residual receipts accounts (accounts that hold excess rental and other income of the developments after payment of operating expenses, debt service, and permitted distributions to the mortgagors) for certain developments, to the extent such funds exceed a specified amount, to offset payments of subsidy otherwise payable under those Payments Contracts. At this time, the Authority has no outstanding financing on developments affected by Notice H-2012-14, but when it did, the Authority’s risk was affected because the funds so used were security for, and would have otherwise been available for debt service on, the Authority’s mortgage loans financing those developments. (See “Federal Programs and Requirements” in “The Multi-Family Program.”)

Administration of Subsidy for Certain FHA Mortgage Loans

On some of the FHA mortgage loans, the Authority will not administer the Section 8 subsidy in the manner described above. Any failure to make full and timely payment on such mortgage loans shall, subject to and in accordance with the conditions described above under “FHA Insurance Program,” provide a basis for a claim for payment of FHA mortgage insurance benefits.

Renewal Contracts

In certain cases, upon expiration of the long-term Payments Contract originally entered into with respect to a development, the mortgagor of the development and a Section 8 contract administrator designated by HUD has entered into, or may enter into, a new Payments Contract for an additional term, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, Title V of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1998, Pub. L 105-65, as amended (a “Renewal Contract”). (See “Federal Programs and Requirements” in “The Multi-Family Program” for certain information regarding the expiration of the original Payments Contracts and also for a discussion of how the Authority underwrites new mortgage loans for existing developments with Renewal Contracts or expiring original Payments Contracts to the lesser of the Section 8 contract rents or the estimated market rents.)

Although Renewal Contracts may have contract terms that are relatively long, upon initial execution of Renewal Contracts and each year thereafter Congress has appropriated, and HUD has obligated, generally only an amount estimated to be sufficient to fund one year (or less) of the contract term, and HUD’s obligation with respect to the remainder of the term is subject to Congressional appropriations. Absent such appropriations, there is no assurance that funds will be available under these contracts. The provisions described above under “Funding of Increases in Subsidy” do not apply to Renewal Contracts. The appropriations for Renewal Contracts were affected adversely during the 2013 federal fiscal year by the federal spending

cuts known as the sequester and no assurance can be given as to the levels of annual appropriations that will be available for funding Renewal Contracts in the future.

Renewal Contracts do not provide for adjustment of contract rents based on Annual Adjustments as described under “Adjustments of Contract Rents” above. Renewal Contracts with terms longer than one year provide for annual adjustment of contract rents based on an Operating Cost Adjustment Factor (or with respect to certain Renewal Contracts, if requested by the owner and agreed to by HUD or its designated contract administrator, based on the development’s budget). The Operating Cost Adjustment Factor is intended to reflect increases in the cost of operating comparable rental properties, which may or may not correspond to circumstances affecting a particular development. No assurance can be given that HUD or its designated contract administrator will approve a request for a budget-based adjustment of contract rents.

Certain Renewal Contracts with terms longer than five years provide that HUD’s designated contract administrator shall, at the expiration of each five-year portion of the contract term, adjust contract rents so as to equal comparable market rents determined on the basis of a market study prepared in accordance with HUD requirements. Certain of such Renewal Contracts also provide that HUD may, at its discretion, require or permit its designated contract administrator to make such market comparability adjustments one additional time within each such five-year period. Such market comparability adjustments may raise or lower contract rents. Certain Renewal Contracts for developments that received initial contract rents calculated on the basis of an operating budget provide that HUD may adjust contract rents downward, subject to certain limits calculated on the basis of market rents, in the event that the development during the term of the contract receives additional government assistance that was not anticipated when initial contract rents were determined. The statutory provision prohibiting adjustments that would lower contract rents, explained above, does not apply to Renewal Contracts.

The Authority does not act as HUD’s designated contract administrator for Renewal Contracts and, with respect to such contracts, does not receive and disburse subsidy payments as described in the second paragraph under “Payment of Subsidy” above. Instead, HUD’s designated contract administrator disburses the subsidy payment to the mortgagee, who is responsible for remitting loan payments and escrow deposits.

Low-Income Housing Tax Credit Program

The Authority has financed and expects to continue to finance developments which are to receive low-income housing tax credits. The Code provides for credits to owners of residential rental projects containing low income units, provided certain occupancy and use of loan proceeds requirements are met. The credits are taken annually for a term of ten years, beginning with the tax year in which the project is placed in service or, at the owner’s election, the next tax year.

Twenty percent or more of the units in an eligible project must be occupied by tenants whose incomes are 50% or less of the area median gross income, as adjusted for family size, or 40% or more of the units in the project must be occupied by tenants whose incomes are (i) 60% or less of such area median gross income, as so adjusted or (ii) at or below the respective percentages of such area median income, as so adjusted, that the owner has designated for the tenants’ units, provided such percentages (which may range from 20% to 80% in 10% increments) average to 60% or less. Each building in the project must comply with these income restrictions within 12 months of the date placed in service. The owner may designate more than 20% or 40%, as the case may be, of the units in the project as low-income units.

The gross rent (including an allowance for any utilities paid directly by the tenant) charged to a tenant in a low income unit may not exceed 30% of the maximum qualifying income for such unit.

In the event that the income of a family occupying a low income unit exceeds the maximum qualifying income (or other applicable threshold as provided in the Code) by more than 40% or in the event that a low income unit becomes vacant, such low income unit shall continue to qualify if no other vacant units of comparable or smaller size are rented to non-qualifying families.

The project must comply with the income and rent limitations for a period of 15 years in the case of credits allocated prior to or during 1989, or 30 years, in the case of credits allocated after 1989. Failure to comply results in a recapture of a portion of the credits.

Section 236 Interest Reduction Payments Program and Section 236(f)(2) Rental Assistance Program

Pursuant to Section 236 of the United States Housing Act of 1937, as amended, HUD, the Authority and the mortgagee enter into an agreement for interest reduction payments. HUD makes monthly payments with respect to the subsidized dwelling units in such development directly to the Authority on behalf of the mortgagee. The amount of the monthly HUD payment for any such development will equal the difference between (i) the monthly payment for principal, if any, interest and the Authority’s fees and charges which the mortgagee is obligated to pay and (ii) the monthly payment for principal, if any, and interest which the mortgagee would be required to pay if the mortgage loan were to bear interest at the rate of 1% per annum. The mortgagee makes monthly payments to the Authority for the balance.

The agreements contain several covenants of the mortgagee, including among other things that (i) the mortgagee has established, “basic rents” computed assuming a mortgage loan interest rate of 1% per annum and “fair market rents” (unsubsidized) for each subsidized dwelling unit, (ii) the rent for each subsidized dwelling unit, including all utilities except

telephone, will be equal to 30% of the tenant's adjusted income or the basic rent, whichever is greater, up to a maximum of the fair market rent, (iii) the mortgagor will limit admission to subsidized dwelling units to families whose incomes do not exceed the lower of the income limits prescribed by HUD or the Authority, and (iv) the mortgagor shall remit to HUD the amount ("Excess Income Payment") by which the total rents collected on all subsidized dwelling units exceeds the sum of the basic rents for all such units. Under the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act, Title V of Pub. L. 106-74, enacted October 20, 1999 (the "1999 Act"), the rent chargeable to the tenant is also limited by the rent for a comparable unassisted unit in the market area. The Balanced Budget Downpayment Act, II, Pub. L. 104-134, enacted April 26, 1996, provides that Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects. The 1999 Act provides that mortgagors may retain some or all of such Excess Income Payments if authorized by HUD. The Authority covenants in the agreements that it will not agree to the forbearance or deferment of any payment due under the mortgage loan without HUD's approval. HUD may, at its discretion, terminate payments under the agreement upon default by the mortgagor or the Authority under any provision of the agreement. If payments are terminated by HUD, such payments may be reinstated by HUD on such conditions as it may prescribe. The rights and obligations under the agreement are not assignable by the Authority or by the Mortgagor without the approval of HUD.

Certain developments which are subject to Section 236 interest reduction payments are also subject to rental assistance payments under Section 236(f)(2) of the National Housing Act, as amended. Payments under this program are paid by HUD directly to the mortgagor on behalf of eligible tenants occupying assisted dwelling units. To be eligible for rental assistance payments, a tenant must have an income not in excess of 50% of the median income for the area, as determined by HUD. The payments for each assisted unit are generally in an amount equal to the difference between the "basic rent" approved by HUD for the unit and 30% of the eligible tenant's adjusted income (as defined by HUD). Such payments to the mortgagor in effect represent rental income and do not reduce or otherwise affect the amounts the mortgagor must pay to the Authority under the mortgage loan.

The maximum amount of rental assistance payments for any Section 236 development is originally established by HUD and set forth in the subsidy agreement between HUD and the Authority. In order to provide sufficient rental income to pay debt service and expenses of the development, an increase in this maximum amount may become necessary if rents are increased or if the amount of rent payable by the tenants decreases due to an overall reduction in the tenants' incomes. HUD will increase the maximum amount of rental assistance payments by an amount equal to 100% of the needed increase.

The 1999 Act authorized a program (referred to as the Section 236 "decoupling" program) pursuant to which mortgagors of developments subject to Section 236 interest reduction payments with FHA insured mortgage loans may refinance such loans, if the loans are otherwise eligible for prepayment, with new mortgage loans (such as Authority mortgage loans) while retaining the interest reduction payments. In order to participate in the decoupling program, the mortgagor must agree to enforce the income and rent restrictions applicable to the development for a period extending five years beyond the term of assistance under the new agreement for interest reduction payments.

See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of developments' agreements for interest reduction payments.

Rental Assistance Demonstration

HUD's Rental Assistance Demonstration ("RAD") program is described by HUD as an opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through enabling access by public housing agencies and owners to private debt and equity to address immediate and long-term capital needs. The RAD program allows projects currently funded under HUD's public housing program, rent supplement program, rental assistance payment program, or mod rehab program to convert their assistance to long-term, project-based Section 8 rental assistance contracts, either project based vouchers or project-based rental assistance. Under the RAD program, HUD requires certain restrictions be imposed upon the developments which cannot be subordinated to any lien securing financing the Authority may provide to such developments. All of the subsidies provided under the RAD program will be subject to annual appropriations by the federal government.

[THIS PAGE INTENTIONALLY LEFT BLANK]

DESCRIPTION AND PROCEDURES OF DTC

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The term "Offered Bonds" as and where used in this appendix shall be deemed to be the equivalent of the term "Offered Certificates" when this appendix is attached to an Offering Circular.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Offered Bonds. The Offered Bonds will be available as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bonds certificate will be issued, reflecting each maturity of each series (or subseries) of the Offered Bonds and the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bonds documents. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a series (or subseries) and a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Offered Bonds of the series (or subseries) and same maturity to be redeemed. However, a different procedure for partial redemptions may have been established for some or all of the Offered Bonds. See "Selection of Bonds for Redemption" in "Description of the Offered Bonds."

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments, including such payments upon redemption, on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Offered Bonds certificates will be printed and delivered to DTC.

SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Certain provisions of the Continuing Disclosure Agreement, as amended, between the Authority and the Trustee (the “Continuing Disclosure Agreement”) not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Continuing Disclosure Agreement. This summary does not apply to Subject Bonds issued prior to October 7, 2019.

The Continuing Disclosure Agreement between the Authority and the Trustee was executed and delivered for the benefit of the Holders and Beneficial Owners of the Subject Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5). The Offered Bonds are to be Subject Bonds.

Certain Definitions

Defined terms used in the Continuing Disclosure Agreement and not otherwise defined therein have the meanings set forth in the Resolution.

“Annual Financial Information” means the information to be provided by the Authority described under the caption “Content of Annual Financial Information.”

“Beneficial Owner” means a beneficial owner of Subject Bonds as determined pursuant to the Rule.

“Bonds” means, at any time, all of the Authority’s then Outstanding Commonwealth Mortgage Bonds, collectively.

“Financial Obligation” (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means that period established by the Authority with respect to which its, as applicable, Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of the Continuing Disclosure Agreement, the Authority’s Fiscal Year begins on July 1 and ends on June 30 of the next calendar year.

“Holders” means the registered owners of the Subject Bonds.

“MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Obligated Person” means any person, including the Authority, who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on any Subject Bonds to be sold in an offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The term “Obligated Person” shall not include the mortgagor of any Mortgage Loan.

“Participating Underwriters” means the respective underwriters in connection with the offering of a series of Commonwealth Mortgage Bonds which are Subject Bonds.

“Rule” means the applicable provisions of Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, as in effect on the date of the Continuing Disclosure Agreement, including any official interpretations thereof.

“SEC” means the United States Securities and Exchange Commission.

“Subject Bonds” means those Commonwealth Mortgage Bonds which are expressly made subject to the Continuing Disclosure Agreement in the Authority documents related to the issuance of such Bonds.

Provision of Annual Financial Information

The Authority will, not later than 180 days after the end of the Authority’s Fiscal Year, provide to the MSRB the Annual Financial Information.

The Continuing Disclosure Agreement requires the Authority to provide, in a timely manner, notice to the MSRB of any failure by the Authority to provide Annual Financial Information to the MSRB on or before the date described in the first paragraph under this heading and also of any change in the Authority’s fiscal year.

Content of Annual Financial Information

The Authority's Annual Financial Information shall contain or include by reference information of the following type:

(a) the audited financial statements, if available, or unaudited financial statements of the Authority for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles, applied on a consistent basis; provided, however, that the Authority may from time to time, in order to comply with federal or state legal requirements, modify the basis upon which its financial statements are prepared;

(b) the balance of the Debt Service Reserve Fund, valued in accordance with the Commonwealth Mortgage Bonds Resolution;

(c) the amount of General Fund assets made or expected to be made available to originate mortgage loans with yields which are, at the time such loans are originated, substantially less than the yields of U.S. government or agency securities of similar maturity;

(d) the amount outstanding under the Authority's \$38 million (original amount) line of credit to the Commonwealth's Virginia Housing Partnership Revolving Fund, if such line of credit is in effect during the applicable Fiscal Year;

(e) the delinquency status of Mortgage Loans and mortgage loans originated under the Authority's other single family resolution programs ("Other Mortgage Loans"), the outstanding balance of Mortgage Loans and Other Mortgage Loans, the outstanding balance of delinquent Mortgage Loans and Other Mortgage Loans, the percentage of delinquent Mortgage Loans and Other Mortgage Loans, the outstanding balance of Mortgage Loans and Other Mortgage Loans in foreclosure, and the percentage of Mortgage Loans and Other Mortgage Loans in foreclosure;

(f) the amount of any allowance for loan losses;

(g) the original principal amounts, outstanding principal amounts, and effective interest rates (if fixed to maturity) on the outstanding general obligation notes and bonds of the Authority;

(h) the percentage of outstanding principal balance of Mortgage Loans, by primary insurance provider; and

(i) the percentage of the Authority's single family mortgage loan portfolio serviced by the Authority, overall and newly originated, and the remaining percentage of such portfolio serviced by its principal external servicers.

If the Authority's Annual Financial Information does not include its audited financial statements, when and if such audited financial statements become available the Authority shall provide them to the MSRB.

Any of the items (b) through (i) above will not be provided separately if included in the Authority's financial statements. In addition, any or all of the items listed above may be included by specific reference to documents, previously either (i) provided to the MSRB, or (ii) filed with the SEC (if such document is a final official statement within the meaning of the Rule, it must also be available from the MSRB). Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

In addition to items (a) through (i) above, the Authority's Annual Financial Information shall include information regarding amendments to the Continuing Disclosure Agreement as described below in the last two paragraphs under the heading "Amendment of Continuing Disclosure Agreement."

Reporting of Significant Events

The Authority will give notice, in a timely manner not in excess of ten business days after the occurrence of an event, to the MSRB of the occurrence of any of the following events with respect to the Subject Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of any Subject Bonds, or other material events affecting the tax status (if applicable) of any Subject Bonds;
- (vii) modifications to rights of Holders, if material;

- (viii) Subject Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Subject Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Subject Bond holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

Notwithstanding the foregoing, unless the Rule requires otherwise, notice of the events described in items (viii) and (ix) need not be given any earlier than, if applicable, the date notice is required to be given to Holders of applicable Subject Bonds pursuant to the Resolution or the Authority's documents authorizing the issuance of such Subject Bonds.

The Continuing Disclosure Agreement requires the Trustee to promptly give notice to the Authority whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee identifies an event listed above; provided, however, that the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Continuing Disclosure Agreement and the Resolution.

Amendment of Continuing Disclosure Agreement

The Continuing Disclosure Agreement may be amended by written agreement of the Authority and the Trustee, and any provision of the Continuing Disclosure Agreement may be waived, without the consent of the Holders or Beneficial Owners (except to the extent required as described in clause 4 (ii) below), if all of the following conditions are satisfied: (1) the Authority determines that such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby or is made to facilitate compliance with the Rule and any future amendments to the Rule, (2) the Continuing Disclosure Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of each primary offering of Subject Bonds affected by the amendment or waiver, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Authority shall have delivered to the Trustee an opinion of legal counsel expert in federal securities laws ("Securities Counsel"), addressed to the Authority and the Trustee, to the same effect as set forth in clause (2) above, (4) either (i) a party unaffiliated with the Authority (such as the Trustee or bond counsel) acceptable to the Authority and the Trustee has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment or waiver of the Continuing Disclosure Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of Holders; and (5) the Authority shall have delivered copies of such amendment or waiver to the MSRB.

In addition to the foregoing, the Authority and the Trustee may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that the adoption and the terms of such amendment or waiver would not, in and of themselves, cause the undertakings in the Continuing Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

To the extent any amendment to the Continuing Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to the Continuing Disclosure Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Enforcement

The obligation of the Authority to comply with the provisions of the Continuing Disclosure Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Beneficial Owner of Outstanding Subject Bonds, or by the Trustee on behalf of the Holders of Outstanding Subject Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Subject Bonds or by any Beneficial Owner; provided, however, that a Beneficial Owner may not take any enforcement action pursuant to clause (ii) without the consent of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding; provided, further, that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The Holders', the Beneficial Owners' and the Trustee's right to enforce the provisions of the Continuing Disclosure Agreement are limited to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under the Continuing Disclosure Agreement. Any failure by the Authority or the Trustee to perform in accordance with the Continuing Disclosure Agreement will not constitute a default or any Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default will not apply to any such failure.

Termination

The Authority's and the Trustee's obligations under the Continuing Disclosure Agreement with respect to the Subject Bonds terminate upon legal defeasance pursuant to the Resolution, prior redemption or payment in full of all of the Subject Bonds.

The Continuing Disclosure Agreement, or any provision thereof, shall be null and void in the event that the Authority (1) delivers to the Trustee an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require the provisions of the Continuing Disclosure Agreement, or any of such provisions, do not or no longer apply to the Subject Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers notice to such effect to the MSRB.

Manner of Reporting

All notices and filings required to be made to the MSRB hereunder shall be made in the manner prescribed by the MSRB.

Governing Law

The Continuing Disclosure Agreement must be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of the Continuing Disclosure Agreement must be instituted in a court of competent jurisdiction in the Commonwealth, provided that, to the extent the Continuing Disclosure Agreement addresses matters of federal securities law, including the Rule, the Continuing Disclosure Agreement must be construed in accordance with such federal securities laws and the official interpretation thereof.

Set forth below is the Approving and Tax Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority delivered on the date of issuance of the Offered Tax-Exempt Bonds.

December 14, 2023

Virginia Housing Development Authority
Richmond, Virginia

Commissioners:

As Bond Counsel to the Virginia Housing Development Authority (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), created by the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Code of Virginia, 1950, as amended (the “Act”), and organized and existing under the Act and other laws of the Commonwealth, we have examined a record of proceedings relating to the issuance of \$50,000,000 Commonwealth Mortgage Bonds, 2023 Series C-Non-AMT (the “Series C Bonds”), \$100,000,000 Commonwealth Mortgage Bonds, 2023 Series D-Taxable (the “Series D Bonds”) and \$355,000,000 Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT (the “Series E Bonds”); together with the Series C Bonds and the Series D Bonds, the “Bonds”) by the Authority.

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted July 15, 1986 entitled “A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof,” as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the “Resolution”); a resolution of the Authority adopted April 25, 2023 entitled “Bond Limitations Resolution” (the “Bond Limitations Resolution”); and the Written Determinations of an Authorized Officer of the Authority dated as of November 29, 2023 (the “Written Determinations”), and executed and delivered in accordance with the Bond Limitations Resolution. The Written Determinations, the Bond Limitations Resolution and the Resolution are collectively herein referred to as the “Bond Resolution.” The Bonds are authorized to be issued pursuant to the Resolution for the purpose of providing funds to carry out the Authority’s Program of making Mortgage Loans. All capitalized terms used herein and not otherwise defined have the meanings set forth in the Bond Resolution.

In connection with rendering the opinion set forth in paragraph number 4 below, we have examined the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations promulgated thereunder; the Authority’s Tax Certification and Arbitrage Certificate, of even date herewith, of authorized officers of the Authority, to the effect that the Series C Bonds and the Series E Bonds are not “arbitrage bonds” within the meaning of the Code and as to other matters affecting the tax-exempt status of such Series C Bonds and Series E Bonds; and the relevant provisions of such other documents and such other matters of fact and law as we have deemed relevant to the rendering of such opinion.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series C Bonds and the Series E Bonds in order that interest on the Series C Bonds and the Series E Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series C Bonds and the Series E Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series C Bonds and the Series E Bonds to become included in gross income for federal income tax purposes retroactive to the date interest began to accrue, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted in the Bond Resolution to at all times do and perform all acts required by the Code in order to assure that interest on the Series C Bonds and the Series E Bonds shall not be included in gross income of the owner thereof pursuant to the Code.

Based upon the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, the Act is valid and the Authority has been duly created and validly exists as a political subdivision with such political and corporate powers as set forth in the Act with lawful authority, among other things, to carry out the Program of making Mortgage Loans, to provide funds therefor and to perform the Authority’s obligations under the terms and conditions of the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms.
3. The Bonds are valid and legally binding general obligations of the Authority secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates a valid pledge of, and the lien that it purports to create upon, the Assets held or set aside or to be held and set aside pursuant to the Resolution, subject only to the provisions of the

Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series C Bonds and the Series E Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series C Bonds and the Series E Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Series C Bonds and the Series E Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series C Bonds and the Series E Bonds, and we have assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series C Bonds and the Series E Bonds from gross income under Section 103 of the Code.

5. Interest on the Series D Bonds is included in gross income for federal income tax purposes pursuant to the Code.

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4 and 5 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series C Bonds and the Series E Bonds.

The foregoing opinion is qualified to the extent that the enforceability of the Authority’s obligations with respect to the Bonds and the Bond Resolution may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors’ rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof and we have relied on certificates and opinions provided to us.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets pledged to payment of the Bonds, the ability of the Authority to provide for the payment of the Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Bonds, including the Authority’s Preliminary Official Statement for the Bonds dated November 16, 2023, and its Official Statement for the Bonds dated November 29, 2023.

Very truly yours,

Set forth below is the proposed form of the Approving Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority for the Offered Taxable Bonds. Such opinion is subject to change prior to the delivery of the Offered Taxable Bonds.

May . . . , 2024

Virginia Housing Development Authority
Richmond, Virginia

Commissioners:

As Bond Counsel to the Virginia Housing Development Authority (the “Authority”), a political subdivision of the Commonwealth of Virginia (the “Commonwealth”), created by the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Code of Virginia, 1950, as amended (the “Act”), and organized and existing under the Act and other laws of the Commonwealth, we have examined a record of proceedings relating to the issuance of \$. . . Commonwealth Mortgage Bonds, 2024 Series B-Taxable (the “Bonds”) by the Authority.

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted July 15, 1986 entitled “A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof,” as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the “Resolution”); a resolution of the Authority adopted April 25, 2023 entitled “Bond Limitations Resolution” (the “Bond Limitations Resolution”); and the Written Determinations of an Authorized Officer of the Authority dated as of May __, 2024 (the “Written Determinations”), and executed and delivered in accordance with the Bond Limitations Resolution. The Written Determinations, the Bond Limitations Resolution and the Resolution are collectively herein referred to as the “Bond Resolution.” The Bonds are authorized to be issued pursuant to the Resolution for the purpose of providing funds to carry out the Authority’s Program of making Mortgage Loans. All capitalized terms used herein and not otherwise defined have the meanings set forth in the Bond Resolution. Based upon the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, the Act is valid and the Authority has been duly created and validly exists as a political subdivision with such political and corporate powers as set forth in the Act with lawful authority, among other things, to carry out the Program of making Mortgage Loans, to provide funds therefor and to perform the Authority’s obligations under the terms and conditions of the Bond Resolution.

2. The Bond Resolution has been duly adopted by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms.

3. The Bonds are valid and legally binding general obligations of the Authority secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates a valid pledge of, and the lien that it purports to create upon, the Assets held or set aside or to be held and set aside pursuant to the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4. Interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We express no opinion regarding any other Federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the inclusion or exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

The foregoing opinion is qualified to the extent that the enforceability of the Authority’s obligations with respect to the Bonds and the Bond Resolution may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors’ rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof and we have relied on certificates and opinions provided to us.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets pledged to payment of the Bonds, the ability of the Authority to provide for the payment of the Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Bonds, including the Authority's Preliminary Official Statement for the Bonds dated April. . . , 2024, and its Official Statement for the Bonds dated May. . . , 2024.

Very truly yours,

Set forth below is the proposed form of the Conversion Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority for the Offered Tax-Exempt Bonds. Such opinion is subject to change prior to the delivery of the Offered Tax-Exempt Bonds.

May . . . , 2024

Virginia Housing Development Authority
Richmond, Virginia

Commissioners:

On December 14, 2023, as Bond Counsel to the Virginia Housing Development Authority (the “Authority”), we delivered our approving and tax opinion (the “Approving and Tax Opinion”) in connection with the issuance by the Authority of \$50,000,000 Commonwealth Mortgage Bonds, 2023 Series C-Non-AMT (the “Series C Bonds”), \$100,000,000 Commonwealth Mortgage Bonds, 2023 Series D-Taxable, and \$355,000,000 Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT (the “Series E Bonds”; together with the Series C Bonds, the “Series CE Bonds”), which were initially issued in two subseries, designated Subseries E-I (the “Subseries E-I Bonds”) and Subseries E-II (the “Subseries E-II Bonds”).

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain ongoing requirements which must be met subsequent to the delivery of the Series CE Bonds in order that interest on the Series CE Bonds be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The Authority has covenanted in the resolution of the Authority adopted July 15, 1986 entitled “A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof,” as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the “Resolution”), the resolution of the Authority adopted April 25, 2023 entitled “Bond Limitations Resolution” and the Written Determinations of an Authorized Officer of the Authority dated as of November 29, 2023, as amended (the “Written Determinations”), to at all times do and perform all acts required by the Code in order to assure that interest on the Series CE Bonds shall not be included in gross income of the owner thereof pursuant to the Code. In rendering the Approving and Tax Opinion, we relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series CE Bonds, and we assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series CE Bonds from gross income under Section 103 of the Code.

The Written Determinations set forth procedures pursuant to which the interest rates on the Subseries E-I Bonds and the Subseries E-II Bonds may be converted to new interest rates fixed to maturity (“Fixed Rates”). The Written Determinations provide that an opinion of Bond Counsel be delivered in connection with any such conversion. This opinion is being delivered pursuant to such provision.

On the date hereof, the Authority is converting the interest rate on \$. . . principal amount of the Subseries E-I Bonds to Fixed Rates and, in connection therewith, redesignating such Subseries E-I Bonds as Commonwealth Mortgage Bonds, 2023 Series E-Non-AMT, Subseries E-2 (the “Subseries E-2 Bonds”). We are of the opinion that the conversion of the interest rate on such portion of the Subseries E-I Bonds to Fixed Rates on the date hereof, in and of itself, will not adversely affect the exclusion of the interest on the Series CE Bonds from gross income for federal income tax purposes.

Except as stated in the paragraph above, we express no opinion as to any other matter with respect to the exclusion of interest on the Series CE Bonds from gross income for federal income tax purposes or as to the treatment of any such Series C Bonds and Series E Bonds for tax purposes by any state, city, county or other jurisdiction. We render this opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We rendered our Approving and Tax Opinion under then-existing statutes and court decisions as of the date thereof and we did not assume any obligation to update, revise or supplement the Approving and Tax Opinion to reflect any action taken or not taken after the date of the Approving and Tax Opinion, or any facts or circumstances that come to our attention after its date, or any changes in law or interpretations thereof that occur after the date of the Approving and Tax Opinion, or for any other reason. In the Approving and Tax Opinion, we expressed no opinion on the effect of any action taken or not taken after the date of the Approving and Tax Opinion in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series CE Bonds.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets (as such term is defined in the Resolution) pledged to payment of the Subseries E-2 Bonds, the ability of the Authority to provide for the payment of the Subseries E-2 Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Subseries E-2 Bonds, including the Authority's Preliminary Official Statement for the Subseries E-2 Bonds dated April . . . , 2024, and its Official Statement for the Subseries E-2 Bonds dated May . . . , 2024.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

