

PRELIMINARY OFFICIAL STATEMENT DATED MAY 20, 2025

This Official Statement has been prepared on behalf of the State of Oregon Housing and Community Services Department to provide information on the Offered Bonds. Selected information is presented on this cover page for the convenience of the users. To make an informed decision regarding the Offered Bonds, a prospective investor should read this Official Statement in its entirety. Capitalized terms used and not otherwise defined on this cover page have the meanings given in this Official Statement.

NEW ISSUE



\$91,915,000*
State of Oregon
Housing and Community Services Department
Mortgage Revenue Bonds
(Single-Family Mortgage Program)

\$71,915,000*
2025 Series A
(Non-AMT)

\$20,000,000*
2025 Series B
(Federally Taxable)

Dated: Date of Closing/Settlement

Base CUSIP: 686087

**Due: As set forth on the
inside cover page**

Tax Exemption

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Department, (1) under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (a) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (b) interest on the Series A Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax under the Code; *however*, interest on the Series A 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; (2) interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code; and (3) under existing statutes, interest on the Offered Bonds is exempt from personal income taxes imposed by the State of Oregon. See "TAX MATTERS" herein.

Purpose and Authority

The Offered Bonds are issued by the State, acting by and through the Office of the State Treasurer, at the request of the Department, to (1) replace amounts that will be applied to refund, within 90 days of the date of issuance of the Series A Bonds, certain prior Series of Bonds, which will make an equal amount available to purchase newly-originated Guaranteed Mortgage Securities, (2) purchase newly-originated Guaranteed Mortgage Securities, (3) provide down payment and/or closing costs assistance and (4) make deposits into certain Accounts under the Indenture. The Offered Bonds are being issued pursuant to ORS 286A.001 to 286A.195, inclusive, and 456.515 to 456.725, inclusive, as amended, a Trust Indenture dated as of May 1, 1988, as amended and restated, by and between the State, acting by and through the Department, and U.S. Bank Trust Company, National Association, a national banking association organized under the laws of the United States, as the Trustee, and a Housing Finance Bond Declaration to be approved by and filed in the Office of the State Treasurer.

Security

The Bonds are special revenue obligations of the State and are secured by a pledge of and security interest in all Revenues, the proceeds of the sale of Bonds, all right, title and interest of the Department in and to the Mortgage Loans and related mortgage notes and mortgages, the Guaranteed Mortgage Securities, and other moneys in Accounts established by or pursuant to the Indenture. **The Bonds are not general obligation indebtedness of the State or any political subdivision thereof. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to payment of the Bonds.**

Interest Payment Dates

January 1 and July 1, commencing January 1, 2026.*

Denominations

\$5,000 or any integral multiple thereof.

Redemption

The Offered Bonds are subject to redemption prior to maturity at the times, under the conditions and at the prices set forth under "THE OFFERED BONDS – Redemption Provisions" herein, including redemption without premium, from certain sources.

Closing/Settlement

Expected to be available for delivery through the facilities of DTC, New York, New York, on or about June 24, 2025.*

Trustee

U.S. Bank Trust Company, National Association.

Legal Counsel

Hawkins Delafield & Wood LLP, Portland, Oregon and New York, New York, Bond Counsel to the Department; Kutak Rock LLP, Omaha, Nebraska, Underwriters' Counsel; and Oregon Department of Justice, Salem, Oregon, the Department's Counsel.

Morgan Stanley

BofA Securities

Jefferies

J.P. Morgan

Raymond James

Stern Brothers

May __, 2025

* Preliminary, subject to change.

MATURITY SCHEDULE*

\$71,915,000 2025 SERIES A BONDS (NON-AMT)

\$1,390,000 Serial Bonds

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[†] Number</u>
January 1, 2026	\$780,000	%	%	686087__
July 1, 2026	610,000			686087__
\$7,170,000	___%	Term Bonds due July 1, 2040	Price: ___%	CUSIP[†] Number: 686087__
\$15,645,000	___%	Term Bonds due July 1, 2045	Price: ___%	CUSIP[†] Number: 686087__
\$21,170,000	___%	Term Bonds due July 1, 2050	Price: ___%	CUSIP[†] Number: 686087__
\$26,540,000	___%	Term Bonds due July 1, 2055 (PAC)	Price: ___%	CUSIP[†] Number: 686087__

\$20,000,000 2025 SERIES B BONDS (FEDERALLY TAXABLE)

\$20,000,000 Serial Bonds

<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[†] Number</u>	<u>Due</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP[†] Number</u>
January 1, 2027	\$675,000	%	%	686087__	January 1, 2033	\$ 900,000	%	%	686087__
July 1, 2027	695,000			686087__	July 1, 2033	925,000			686087__
January 1, 2028	710,000			686087__	January 1, 2034	950,000			686087__
July 1, 2028	725,000			686087__	July 1, 2034	980,000			686087__
January 1, 2029	740,000			686087__	January 1, 2035	1,010,000			686087__
July 1, 2029	760,000			686087__	July 1, 2035	1,040,000			686087__
January 1, 2030	775,000			686087__	January 1, 2036	1,070,000			686087__
July 1, 2030	795,000			686087__	July 1, 2036	1,100,000			686087__
January 1, 2031	815,000			686087__	January 1, 2037	1,130,000			686087__
July 1, 2031	835,000			686087__	July 1, 2037	1,165,000			686087__
January 1, 2032	855,000			686087__	January 1, 2038	470,000			686087__
July 1, 2032	880,000			686087__					

* Preliminary, subject to change.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright © 2025 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. 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 are provided for convenience of reference only. None of the Department, the Underwriters, the Trustee or their agents or counsel assume responsibility for the accuracy of such numbers.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds, in any jurisdiction in which it is unlawful for any person to make such offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized by the State of Oregon, including but not limited to the Department, to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from the State of Oregon, including but not limited to the Department, and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriters. The information and expressions of opinion herein 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 State of Oregon, including but not limited to the Department, since the date hereof.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	Elderly and Disabled Housing Program	31
THE DEPARTMENT	3	Housing Development Program	31
Organization	4	Other Programs	31
Funds and Accounts of the Department	5	TBA Program	31
Cybersecurity	6	OTHER OUTSTANDING INDEBTEDNESS	32
SECURITY FOR THE BONDS	7	TAX MATTERS	32
Mortgage Loans	8	Series A Bonds	32
Guaranteed Mortgage Securities	10	Series B Bonds	35
Debt Reserve Account	10	ABSENCE OF LITIGATION	37
Cash Flow Statements	11	APPROVAL OF LEGALITY	37
Additional Bonds	11	FINANCIAL STATEMENTS	37
THE OFFERED BONDS	11	CERTAIN INFORMATION RELATING	
General	11	TO INVESTMENTS	37
DTC	11	SECONDARY MARKET DISCLOSURE	39
Application of the Proceeds of the Offered Bonds	12	RATING	39
Redemption Provisions	12	UNDERWRITING	39
THE PROGRAM	16	Information Provided by the Underwriters	39
General	16	THE TRUSTEE	40
Mortgage Loans	17	ADDITIONAL INFORMATION	40
Guaranteed Mortgage Securities and Underlying Loans	18	APPENDIX A – Summary of Certain Mortgage	
Mortgage Loan and Underlying Loan Eligibility	20	Insurance and Security Guaranty Programs	A-1
Requirements of Section 143 of the Code Relating to		APPENDIX B – Financial Statements	B-1
Certain Mortgage Loans and Underlying Loans	20	APPENDIX C – DTC and Book-Entry System	C-1
Certain Information Relating to Outstanding		APPENDIX D – Proposed Form of Continuing Disclosure	
Mortgage Loans	23	Certificate	D-1
Certain Information Relating to Outstanding Guaranteed		APPENDIX E – Redemption Price Table for Certain	
Mortgage Securities	25	Redemptions	E-1
Certain Information Relating to Mortgage Loan		APPENDIX F – Projected Percentages of Initial Principal Balance	
Delinquencies and Foreclosures	26	Outstanding and Projected Weighted Average Lives for the PAC	
Prepayments	27	Bonds	F-1
Amounts Available to Purchase		APPENDIX G – Summary of Certain Provisions of the	
Mortgage Loans and Guaranteed Mortgage Securities ..	28	Indenture	G-1
Outstanding Mortgage Revenue Bonds	28	APPENDIX H – Form of Proposed Approving Opinion of Bond	
Outstanding Qualified Hedges	30	Counsel	H-1
OTHER HOUSING FINANCE PROGRAMS OF THE			
DEPARTMENT	30		
Multifamily Housing Program	30		

IN CONNECTION WITH THE OFFER AND SALE OF THE OFFERED BONDS, THE UNDERWRITERS MAY EFFECT TRANSACTIONS WHICH TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OFFERED BONDS ABOVE THE LEVELS WHICH WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Caine Mitter & Associates Incorporated
Financial Advisor

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFICIAL STATEMENT
of the
STATE OF OREGON
Housing and Community Services Department
Relating to
\$91,915,000*
Mortgage Revenue Bonds
(Single-Family Mortgage Program)

\$71,915,000*
2025 Series A
(Non-AMT)

\$20,000,000*
2025 Series B
(Federally Taxable)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page and the Appendices hereto, is to set forth information in connection with the sale by the State of Oregon (the “**State**”) of its Mortgage Revenue Bonds (Single-Family Mortgage Program), 2025 Series A (the “**Series A Bonds**”) and its Mortgage Revenue Bonds (Single-Family Mortgage Program), 2025 Series B (the “**Series B Bonds**,” and together with the Series A Bonds, the “**Offered Bonds**”). The Offered Bonds are being issued pursuant to Sections 286A.001 to 286A.195, inclusive, and 456.515 to 456.725, inclusive, of the Oregon Revised Statutes (“**ORS**”), as amended (the “**Act**”), a Trust Indenture dated as of May 1, 1988, as amended and restated (the “**Indenture**”), by and between the State, acting by and through the Oregon Housing and Community Services Department (the “**Department**”), and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”), and a Housing Finance Bond Declaration (the “**Bond Declaration**”) to be approved by and filed in the Office of the State Treasurer (the “**State Treasurer**”). Capitalized terms used and not otherwise herein defined have the respective meanings given such terms in the Indenture or in the Bond Declaration, as applicable.

The Offered Bonds are being issued by the State, acting by and through the State Treasurer, at the request of the Department. Proceeds of the Offered Bonds are expected to be used to (1) replace amounts that will be applied to refund, within 90 days of the date of issuance of the Series A Bonds, certain prior Series of Bonds, which will make an equal amount available to purchase newly-originated Guaranteed Mortgage Securities (defined below), (2) purchase newly-originated Guaranteed Mortgage Securities, (3) provide down payment and/or closing costs assistance in connection with related Underlying Loans (defined below) and (4) make deposits into certain Accounts under the Indenture, as described herein. The Department expects to pay the costs related to the issuance of the Offered Bonds from available unrestricted funds of the Department.

State law requires the Oregon Legislative Assembly (the “**Legislative Assembly**”) to establish the amount of bonds that may be issued during each two-year budget period (a “**biennium**”) other than refunding bonds. There is no limit on the amount of refunding bonds which may be issued. The current biennium began on July 1, 2023, and ends on June 30, 2025 (the “**2023-25 Biennium**”). During its 2023 Regular Session, the Legislative Assembly authorized the Department to issue up to \$500 million in direct revenue bonds during the 2023-25 Biennium. As of April 1, 2025, the Department had issued approximately \$244,870,000 of direct revenue bonds in the 2023-2025 Biennium and had approximately \$255,130,000 of its 2023-2025 Biennium direct revenue bonds authority remaining, which amounts do not include the Offered Bonds or any other direct revenue bonds issued after April 1, 2025.

As of April 1, 2025, the Department had issued 254 Series of Bonds under the Indenture in an aggregate principal amount of \$7,014,226,374, of which \$1,060,100,000 in aggregate principal amount were Outstanding as of such date. The outstanding prior Series of Bonds, the Offered Bonds and any additional Bonds that may be issued in

* Preliminary, subject to change.

the future under the Indenture (collectively referred to as the “**Bonds**”) are and will be on a parity, equally and ratably secured by the Indenture.

Under the Indenture and in accordance with the Act, the State carries out a program (the “**Program**”) of issuing Bonds to provide funds to the Department (i) to finance mortgage loans relating to single family owner-occupied housing in the State indirectly through the acquisition of pass-through mortgage-backed certificates issued by GNMA, Fannie Mae or Freddie Mac (each such term defined below) secured or backed by such mortgage loans (“**Guaranteed Mortgage Securities**”), (ii) to directly make, purchase or otherwise finance whole mortgage loans relating to single family owner-occupied housing in the State (“**Mortgage Loans**”), (iii) to provide down payment and/or closing costs assistance, (iv) to make deposits in various Accounts established under the Indenture and (v) to pay the costs of issuing Bonds.

The Indenture contains various program covenants and other requirements that apply to Mortgage Loans (see, e.g., “**SECURITY FOR THE BONDS – Mortgage Loans**” and APPENDIX A – “**SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS – Mortgage Pool Insurance and Insurance Reserve Account**”). Such Indenture program covenants and other requirements applicable to Mortgage Loans do *not* apply to mortgage loans underlying Guaranteed Mortgage Securities (“**Underlying Loans**”).

While the Indenture has permitted, and continues and will continue to permit, the purchase of both Mortgage Loans and Guaranteed Mortgage Securities, lendable proceeds of Bonds have previously been applied almost exclusively to the purchase of Mortgage Loans. But effective March 31, 2025, the Department ceased accepting reservations for Mortgage Loans and, while reserving the right to do otherwise, currently expects that the lendable proceeds of the Offered Bonds and the lendable proceeds of additional Bonds in the future will be applied to the purchase of Guaranteed Mortgage Securities and not to the financing of Mortgage Loans. *Notwithstanding the foregoing*, as of April 1, 2025, there were Mortgage Loans outstanding in the aggregate principal amount of \$956,753,452 and Guaranteed Mortgage Securities outstanding in the par amount of \$22,676,402, and it is expected that the principal amount of Mortgage Loans outstanding will far exceed the par amount of Guaranteed Mortgage Securities outstanding for the foreseeable future.

Following the issuance of the Offered Bonds and certain replacements described above, the Department expects to have available approximately \$95,000,000* to purchase newly-originated Guaranteed Mortgage Securities and to provide down payment and/or closing costs assistance. All Guaranteed Mortgage Securities purchased with proceeds of, or allocable to, the Series A Bonds (the “**2025 Series A Guaranteed Mortgage Securities**”) will be backed by Underlying Loans that are Qualifying Loans (defined below). Guaranteed Mortgage Securities purchased with proceeds of the Series B Bonds (the “**2025 Series B Guaranteed Mortgage Securities**”; together with the 2025 Series A Guaranteed Mortgage Securities, the “**2025 Series AB Guaranteed Mortgage Securities**”) will be backed by Underlying Loans that are Qualifying Loans and/or Non-Qualifying Loans (defined below).

As used in this Official Statement, “**Qualifying Loans**” means mortgage loans that meet the requirements of federal tax law applicable to loans financed with proceeds of Qualified Mortgage Bonds (as defined under “**THE PROGRAM – Requirements of Section 143 of the Code Relating to Certain Mortgage Loans and Underlying Loans**” herein); and “**Non-Qualifying Loans**” means mortgage loans that do not meet the requirements of federal tax law applicable to loans financed with proceeds of Qualified Mortgage Bonds. While not a requirement of the Indenture, to date, over 99% of Mortgage Loans and Underlying Loans by dollar volume have been Qualifying Loans.

Mortgage Loans financed with, and Underlying Loans indirectly financed by the purchase of Guaranteed Mortgage Securities with, the proceeds of Bonds that are Qualified Mortgage Bonds, including the Series A Bonds, must comply with conditions for exclusion of interest on such Bonds from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the “**Code**”). Actions taken by the Department with respect to the investment of the proceeds of, or allocable to, the Series A Bonds and the disposition of the earnings therefrom are required to comply with certain conditions for the exclusion of interest on the Series A Bonds from gross income for purposes of federal income taxation under the Code. Information relating to the

* Preliminary, subject to change.

exclusion of interest on the Series A Bonds from gross income for purposes of federal income taxation is contained under the caption “TAX MATTERS” herein.

Mortgage Loans and Underlying Loans are originated pursuant to agreements between the Department and mortgage lenders meeting the criteria established for the Program (the “**Mortgage Lenders**”). Mortgage Loans are purchased by the Trustee and serviced by a financial institution approved by the Department. Underlying Loans are purchased and serviced by the hereinafter-described Master Servicer, who sells the related Guaranteed Mortgage Securities to the Trustee. See “THE PROGRAM” herein.

Brief descriptions of the Offered Bonds, the Department, the security for the Bonds, the Program and the Indenture are included in this Official Statement. A Summary of Certain Mortgage Insurance and Security Guaranty Programs, selected Financial Statements of the Department, information regarding DTC and its book-entry system, the Proposed Form of Continuing Disclosure Certificate, the Redemption Price Table for Certain Redemptions, the Projected Percentages of Initial Principal Balance Outstanding and Projected Weighted Average Lives for the PAC Bonds, a Summary of Certain Provisions of the Indenture, and the Form of Proposed Approving Opinion of Bond Counsel are included as Appendices A, B, C, D, E, F, G and H hereto, respectively. All references herein to the Indenture, the Bond Declaration, the Offered Bonds and other documents are qualified in their entirety by reference to such instruments, documents and agreements, copies of which are available for inspection at the office of the Department.

THE DEPARTMENT

The Housing Division of the Department of Commerce of the State (the “**Housing Division**”) was established by the Act in 1971. On July 1, 1987, the Legislative Assembly dissolved the Department of Commerce and established the Oregon Housing Agency as an independent agency within the Executive Branch of State government and as the successor to the Housing Division. All of the staff and functions of the Housing Division were transferred to the Oregon Housing Agency. On July 1, 1991, the Legislative Assembly removed the State Community Services Division from the Department of Human Resources and merged it with the Oregon Housing Agency forming the current entity, the Housing and Community Services Department of the State. The Act empowers the Department to stimulate and increase the supply of housing for persons and families of lower income by acting as a central source of housing data and program information, training and education, planning and technical assistance, grants and loans. The Act also authorizes up to \$2,500,000,000 in revenue bonds to be outstanding at any time to finance the construction, purchase and rehabilitation of housing for lower-income persons and families. The Department also has authority to issue State general obligation bonds to finance housing for elderly and disabled persons and to distribute federal tax credits for rental housing and homeownership.

From 1977 to April 1, 2025, the State, acting by and through the State Treasurer at the request of the Department, issued an aggregate principal amount of \$12,847,513,094 of bonds and notes consisting of (a) \$12,258,508,094 in aggregate principal amount of revenue bonds and notes and (b) \$589,005,000 in aggregate principal amount of bonds representing general obligations of the State. As of April 1, 2025, \$2,447,131,295 of the Department’s revenue bonds and \$17,925,000 of the Department’s bonds representing general obligations of the State remained outstanding.

The Department prepares and publishes on its website and on the Municipal Securities Rulemaking Board’s Electronic Municipal Markets Access (EMMA) system a quarterly report for its Mortgage Revenue Bonds (Single-Family Mortgage Program), containing detailed information concerning characteristics of the Department’s Mortgage Loan and Guaranteed Mortgage Securities portfolios and outstanding Bond issues, including Bond redemptions and Mortgage Loan prepayments. The Department presently intends to continue to provide such information, but is not legally obligated to do so. Certain financial and statistical information in this Official Statement under “THE PROGRAM – Certain Information Relating to Outstanding Mortgage Loans,” “– Certain Information Relating to Outstanding Guaranteed Mortgage Securities,” “– Certain Information Relating to Mortgage Loan Delinquencies and Foreclosures,” “– Amounts Available to Purchase Mortgage Loans and Guaranteed Mortgage Securities” and “– Outstanding Mortgage Revenue Bonds” was obtained from the Department’s Mortgage Revenue Bonds (Single-Family Mortgage Program) Quarterly Report as of April 1, 2025.

Organization

The Director of the Department is appointed by the Governor. A nine-member Oregon Housing Stability Council (formerly the State Housing Council, the “**Council**”) is also appointed directly by the Governor and confirmed by the Senate to assist in the development of housing policies for the Department and to submit proposed legislation to the Legislative Assembly on measures the Council considers necessary to address housing programs. The Chair of the Council is designated by the Governor. Loans for the purpose of financing a single-family residence in excess of limits established by the Council must first be approved by the Council. The Council also has a responsibility to comment upon and advise the Governor, the Legislative Assembly and governmental agencies regarding legislation, rules and other actions that affect the cost and supply of housing within the State. The following are the current Council members:

<u>Name</u>	<u>Term Expires</u>	<u>Occupation</u>
Claire Hall, Chair	June 30, 2026	County Commissioner
Javier Mena	June 30, 2026	Affordable Housing Professional
Sami Jo Difuntorum	June 30, 2027	Executive Director
Mary Li.....	June 30, 2026	County Administrator
Mary Ferrell	June 30, 2024 [†]	Executive Director
Sharon Nickleberry Rogers	June 30, 2025	Financial Analyst
Margaret Harris	June 30, 2028	Project Manager
Erin Meechan	June 30, 2028	Administrative Assistant
Kristy Rodriguez	June 30, 2027	Executive Director

[†] Serves until reappointed or a successor is appointed by the Governor.

As of April 1, 2025, the staff of the Department consisted of 416 persons including professionals with experience in the fields of finance, mortgage underwriting, architecture, planning, economics, site and market analysis, construction inspection and property management. The Department provides services in these fields for its projects and programs and uses professional consulting services in these and other technical fields to supplement its own staff. The Oregon Department of Justice serves as counsel to the Department. The following individuals are the principal staff members of the Department who are directly involved in administering the Program:

Andrea Bell serves as the Director of the Oregon Housing and Community Services Department, where she oversees the strategic direction, vision and growth of the Department. In her previous role with the Department, she served as Director of Housing Stabilization, where she led the implementation of a wide range of homeless services, energy and weatherization assistance, rental assistance programs and policy initiatives. Most recently, she served as the Housing Director within the State’s Medicaid system, where she directed the operations and expansion of State-funded Permanent Supportive Housing programs, as well as deployed sustainable solutions to end homelessness and align funding and policy at the intersection of health and housing. Ms. Bell holds a master’s degree in Public Health from Arizona State University and a bachelor’s degree from California State University Northridge.

Caleb Yant serves as the Department’s Deputy Director. Prior to assuming this role, Mr. Yant served as Chief Financial Officer from July 2014 to October of 2020. Prior to joining the Department, Mr. Yant served as the administrator of the Oregon Affordable Housing Assistance Corporation, a nonprofit associated with the Department that administers federal foreclosure prevention funds from the U.S. Treasury. Mr. Yant previously worked as a senior finance manager for the University of Phoenix for eight years. Mr. Yant has extensive experience in regulatory compliance, accounting and finance. He holds a Master in Business Administration from University of Phoenix and a Bachelor of Science in Business Administration from Oregon State University, with an emphasis in Accounting.

Matthew Harris serves as the Department’s Chief Financial Officer. Prior to assuming this role, Mr. Harris served as the Department’s Assistant Director of Capital Markets from July 2021 to May 2025. Prior to joining the Department, Mr. Harris served as a Debt Program Manager for the Oregon State Treasury. From July 2013 to May 2020, Mr. Harris served as the Senior Debt Analyst for nearly 6 years, and then as the Debt Manager at the Oregon Department of Transportation. Mr. Harris also served as a Debt Analyst for the Oregon State Treasury from April 2008 through July 2013. Mr. Harris holds a Master of Business Administration from the Atkinson Graduate School of

Management at Willamette University as well as a Bachelor of Arts from Willamette University, majoring in Computer Science.

Dean Criscola serves as the Department's Controller. Prior to assuming this role, Mr. Criscola served as the Financial Services Manager for the Oregon Employment Department from April 2017 until January 2022. Prior to working for the State, Mr. Criscola had a 35-year federal career, including four years at Western Area Power Administration as its Chief Financial Officer in Phoenix, Arizona and 31 years with the U.S. Army Corps of Engineers in various locations, most recently as the Portland District's Chief Financial Officer from 2003-2017, performing accounting, budgeting and internal review. Mr. Criscola holds a Master in Business Administration from Gonzaga University with undergraduate majors in Industrial Accounting and Personnel and Human Relations, also from Gonzaga, as well as CGFM Certification.

Scott Shaw serves as the Department's Homeownership Lending Manager. Prior to assuming this role Mr. Shaw was the Homeownership Division's Senior Program Analyst from March 2020 until December 2021. From December 2018 until March 2020 Mr. Shaw served in the Department's Affordable Rental Housing Division as a Production Analyst for Low Income Housing Tax Credits (LIHTC's) transactions. Prior to joining the Department, he spent 23 years in the mortgage banking industry, the most recent 11 years in capital markets as a Secondary Marketing Manager.

Siora Arce serves as the Department's Debt Manager. Prior to joining the Debt Management Division at the Department, she served as a Finance Coordinator and Payroll Accountant for Oregon State University for 8 years and as a Senior Financial Accountant for Sunwest Management Inc. for 7 years. Ms. Arce holds a Bachelor of Science in Business and Economics from Western Oregon University with a minor in Accounting.

The position of Assistant Director of Capital Markets of the Department is currently vacant.

Funds and Accounts of the Department

The Act authorizes the State, through the Department, to carry out certain housing programs and establishes the Elderly and Disabled Housing Fund and the Housing Finance Fund. The Elderly and Disabled Housing Fund consists of all funds relating to programs of the Department financed with general obligation bonds issued by the State under Article XI-I(2) of the Oregon Constitution. The Housing Finance Fund consists of all funds relating to programs of the Department financed with revenue bonds issued by the State, including the proceeds of revenue bonds and fees and charges received under such programs. The Act specifically provides that the State, through the Department, may enter into agreements with the owners of revenue bonds, such as the Bonds, pledging specific assets of the Housing Finance Fund and providing for the disposition of certain income.

Program Accounts in the Housing Finance Fund

The State has entered into indentures of trust securing bonds issued to finance certain programs of the State administered by the Department. Each indenture of trust establishes specific accounts within the Housing Finance Fund which separately secure the bonds issued under such indenture, directs certain income received by the State pursuant to such programs to be deposited in such accounts and pledges assets on deposit in such accounts that are transferred to the trustee as security for bonds issued pursuant to such indenture. Each indenture of trust provides that revenues remaining after the payment of debt service in each year upon satisfaction of certain other conditions may, in the discretion of the Department, be transferred to other accounts within the Housing Finance Fund. The State has entered into separate indentures of trust relating to the Department's Multifamily Housing Revenue Bonds, Housing Revenue Bonds and certain other bonds and notes which have been paid in full and are no longer outstanding. The State has entered into the Indenture relating to the Bonds, and the accounts thereunder are part of the Housing Finance Fund. For information pertaining to accounts relating to the Program, see "FINANCIAL STATEMENTS" herein. The revenues and assets of the Department which are pledged pursuant to the Indenture securing the Bonds and the conditions precedent to the release of excess revenues are more fully described under the caption "SECURITY FOR THE BONDS" herein.

Combined Program Account in the Housing Finance Fund

Pursuant to an indenture of trust between the State and U.S. Bank Trust Company, National Association, as successor trustee, dated December 1, 1980 (the “**Combined Program Account Indenture**”), the Combined Program Account (the “**Combined Program Account**”) was established and exists within the Housing Finance Fund. As of April 1, 2025, the unaudited balance in the Combined Program Account was \$21,634,987. Amounts on deposit in such account are pledged to the payment of the principal or redemption price of and interest on certain bonds issued by the State to the extent that the revenues and assets specifically pledged to such bonds are insufficient to make such payments. Bonds benefitting from such pledge currently include the Bonds. The Combined Program Account Indenture permits amounts on deposit to be pledged to the payment of bonds and notes to be issued to finance other programs and the establishment of preferences or priorities with respect to particular bonds and notes. The Combined Program Account Indenture also permits amounts on deposit to be expended for the making of deposits into reserve accounts pledged to specific bonds and notes and for the payment of the State’s expenses in carrying out and administering its various programs under the Act as defined in the Combined Program Account Indenture. The Department may from time to time pledge amounts available under the Combined Program Account for other purposes permitted by the Act and the Combined Program Account Indenture, including as collateral for certain Section 8 rental assistance funds received by the Department from the United States Department of Housing and Urban Development. Amounts on deposit in the Combined Program Account may be invested in obligations which are legal for investment of the funds of the State, including loans which the Department is permitted to make or purchase pursuant to the Act. The Department anticipates that any additional funding for the Combined Program Account will be from interest income on funds on deposit in the Combined Program Account. The Combined Program Account also could be funded by permitted transfers from the accounts securing the Bonds and other bonds secured by a pledge of such account, but no such transfers are presently expected. There can be no assurance that sufficient moneys will be available in the Combined Program Account if such moneys should be required for the payment of principal of or interest on the Bonds.

Cybersecurity

The Department relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the Department faces multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware, phishing, business email compromise, theft, destruction, and other attacks on computers, servers, cloud resources, and other sensitive digital networks, systems, and assets. Housing finance authorities and other public finance entities have been targeted by outside third parties, including technically sophisticated and well-resourced actors, attempting to misappropriate assets or information or cause operational disruption and damage. Further, third parties, such as hosted solution providers, that provide various technology services to the Department, could also be a source of security risk in the event of a failure of their own security systems and infrastructure.

The State has adopted the National Institute of Standards and Technology Cybersecurity Framework (the “**NIST Cybersecurity Framework**”) as a defining roadmap for reducing or mitigating risks or damage resulting from cybersecurity incidents. Enterprise Information Services (“**EIS**”), which is responsible for all State Information Technology (“**IT**”) and computer systems, has established Statewide Information Security Standards for information systems security. The Statewide Information Security Standards and recommended best practices have been developed using a combination of international and national standards, including the NIST Cybersecurity Framework. These standards promote the development, implementation, and operation of secure information systems by establishing minimum levels of due diligence for information security. All State Executive Branch employees, including those of the Department and the State Treasurer, are required to take annual information security training. Executive Branch, Department and State Treasurer information security training completion rates for calendar year 2024 were 90 percent, 95 percent and 100 percent, respectively.

EIS directs Information Security strategies and policies statewide. In August 2018, the State adopted a Statewide Information Security Plan to apply relevant safeguards to State agencies and State information, IT systems, networks, and applications. Compliance with this information security plan and statewide policies and standards is mandatory. Enterprise security governance was modified as a result of Executive Order 16-13 and ORS 276A.206, which unify information technology security functions under the authority of the State Chief Information Officer. Major cybersecurity initiatives that address findings of federal and state audits and cybersecurity risk assessments are

coordinated through the Enterprise Leadership Team, which provides strategic direction for the executive agencies of the State. Agencies with elected leadership (Secretary of State, State Treasurer and Attorney General), the Legislature and Judiciary are coordinated within the implementation of cybersecurity initiatives to maximize the protection of critical State systems and data from a common threat.

Consistent with these State directives, the Department uses a layered approach that employs sound operational strategies and security technology solutions to secure against, detect, and mitigate the effects of cyber threats on its infrastructure and information assets. The Department conducts regular information security and privacy awareness training that is mandatory for all Department staff and regularly conducts risk assessments and tests of its cybersecurity systems and infrastructure. The Department's Chief Information Officer focuses on and leads the efforts of the Department to keep its cyber assets secure.

Despite its efforts, no assurances can be given that the Department's security and operational control measures will be successful in guarding against any and each cyber threat and attack, especially because the techniques used are increasingly sophisticated, change frequently, are complex, and are often not recognized until launched. To date, cyber-attacks have not had a material impact on the financial condition, results or business of the Department; however, the Department is not able to predict the severity of these attacks. The results of any attack on the Department's computer and information technology systems, as well as any third party hosted solutions utilized by the Department, could impact its operations for an unknown period of time, damage the Department's digital networks and systems, and damage the Department's reputation, financial performance, and customer or vendor relationships. Such an attack could also result in litigation or regulatory investigations or actions, including regulatory actions by state and federal governmental authorities. The costs of remedying any such damage could be substantial and such damage to the Department's reputation and relationships could adversely affect the Department's ability to make loans and issue Bonds in the future.

SECURITY FOR THE BONDS

Under the Indenture, the Bonds are secured by a pledge of and security interest in (1) all Revenues, as defined in the Indenture (primarily payments of principal of and interest on Mortgage Loans and Guaranteed Mortgage Securities), (2) the proceeds of the sale of Bonds (other than the proceeds pledged to the redemption of any prior Series of Bonds), (3) all right, title and interest of the Department in and to the Mortgage Loans and related mortgage notes and mortgages and the Guaranteed Mortgage Securities and (4) all other moneys in the Accounts established by or pursuant to the Indenture. The amounts on deposit in the Combined Program Account, to the extent available, may be used as an additional source of funds for the payment of principal of and interest on the Bonds. The lien of the Indenture is imposed on payments of principal of and interest on Mortgage Loans and Guaranteed Mortgage Securities only upon the deposit of such payments with the Trustee, which deposit is required under the Indenture to be made no less frequently than once each six months. Upon receipt of moneys and prior to deposit with the Trustee, the Department deposits such moneys with the Oregon Short Term Fund administered by the State Treasurer. On any interest payment date and after the payment of principal of and interest on the Bonds and the satisfaction of the requirements of all Accounts (other than the Insurance Reserve Account), the Department may direct that amounts on deposit in the Revenue Account, other than with respect to Expenses, be transferred to the Department free and clear of the pledge and lien of the Indenture, provided that no such transfer will be made unless (1) a Cash Flow Statement has been filed with the Trustee in accordance with the Indenture and (2) the amount on deposit in the Acquisition Account, the Revenue Account and the Debt Reserve Account, after any such transfer is made, plus the outstanding principal amount of Mortgage Loans and Guaranteed Mortgage Securities, plus accrued interest, is at least equal to 102% of the aggregate principal amount of Outstanding Bonds, plus accrued interest.

Amounts on deposit in the Combined Program Account are pledged and may in the future be pledged to the payment of the principal of and interest on certain revenue bonds issued to finance programs of the Department, including the Bonds, to the extent that the revenues and assets specifically pledged to such bonds are insufficient to make such payments. Amounts on deposit in the Combined Program Account may also be withdrawn at any time to be used to pay expenses of administering programs under the Act, to establish reserves for such expenses and to make deposits into reserve accounts pledged to specific bonds and notes. There can be no assurance that sufficient moneys will be available in the Combined Program Account if such moneys should be required for the payment of principal of or interest on the Bonds.

The Bonds are special revenue obligations of the State and are payable as to principal, redemption price and interest solely from the revenues and assets pledged for the payment thereof. The Bonds are not general obligation indebtedness of the State or any political subdivision thereof. Neither the full faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the Bonds.

Mortgage Loans

The information under this subheading applies *only* to Mortgage Loans and *not* to Underlying Loans.

Security Requirements

Each Mortgage Loan must be (1) secured by a deed of trust evidencing a first mortgage lien (subject to Permitted Encumbrances) on residential housing for occupancy by one family, (2) made substantially in accordance with the current standard underwriting policies of the Mortgage Lenders and of the Program and (3) covered by a title insurance policy insuring the deed of trust is a valid first lien (subject to Permitted Encumbrances) on the residential property. Each residential property on which a Mortgage Loan is made must be covered by a fire and extended coverage insurance policy in an amount at least sufficient to protect the interests of the Department.

Mortgage Insurance Requirements

Subject to (c) below,

- (a) The original principal amount of each Mortgage Loan, unless such Mortgage Loan is the subject of insurance or guaranty by the Federal Housing Administration (“FHA”), the U.S. Department of Veterans Affairs (“VA”) or the United States of America, acting through Rural Housing Service of the United States Department of Agriculture (“RHS”), or any successor to the foregoing entities, may not exceed 97% of the Value of the Property;
- (b) Mortgage Loans financed by a Series of Bonds must consist of one of the following (in each case, subject to any additional requirements imposed by the related Housing Finance Bond Declaration):
 - (i) any Mortgage Loan insured by FHA;
 - (ii) any Mortgage Loan guaranteed by the VA as to which the unguaranteed portion of the principal amount thereof does not exceed (1) 58% of the Value of the Property or (2) the principal amount entitled to the benefits of Mortgage Pool Insurance or the Insurance Reserve Account;
 - (iii) any Mortgage Loan guaranteed by RHS as to which (1) the unguaranteed portion of the principal amount thereof does not exceed 50% of the Value of the Property and (2) coverage of the unguaranteed portion thereof is provided by the Insurance Reserve Account;
 - (iv) any Mortgage Loan which has a loan-to-Value of the Property ratio no greater than 75%;
 - (v) any Mortgage Loan which has a loan-to-Value of the Property ratio in excess of 80% as to which (1) Private Mortgage Insurance coverage thereof results in the uninsured portion of the principal amount thereof not exceeding 58% of the Value of the Property or (2) Private Mortgage Insurance coverage thereof results in the uninsured portion of the principal amount thereof not exceeding 72% of the Value of the Property and coverage thereof by Mortgage Pool Insurance or the Insurance Reserve Account is applicable; or
 - (vi) any Mortgage Loan which has a loan-to-Value of the Property ratio which is in excess of 75% and no greater than 80% and which is covered by Mortgage Pool Insurance or the Insurance Reserve Account; and

- (c) The provisions described in (a) and (b) above will not apply to any Mortgage Loan to the extent that not applying one or more such provisions to such Mortgage Loan will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies.

Insurance Reserve Account

Mortgage Loans will be covered by the Insurance Reserve Account as described above under “Mortgage Insurance Requirements” and to the extent of any additional requirement contained in any Housing Finance Bond Declaration. Any such coverage will be provided by initially funding the Insurance Reserve Account in an amount equal to the greater of:

- (a) the amount established in the related Housing Finance Bond Declaration, or
- (b) the following percentages of the original principal amount of such Mortgage Loans:
 - (1) in the case of Mortgage Loans not insured or guaranteed by FHA, the VA or RHS whose original principal amount exceeds 95% of the Value of the Property, 4.5%;
 - (2) in the case of Mortgage Loans described in (b)(iii) under “Mortgage Insurance Requirements” above, 3% (or such lesser percentage as provided in a Director’s Determination if at the time thereof so providing will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies); or
 - (3) in all other cases, 2%.

The Department will make a claim on Mortgage Pool Insurance or withdraw funds from the Insurance Reserve Account to the extent of any net loss as a result of a default in the payment of principal of or interest on a Mortgage Loan entitled to the benefits thereof. The Department may also withdraw funds from the Insurance Reserve Account as an advance against any amount not received by the Department as a result of a default in the payment of principal of or interest on any Mortgage Loan entitled to the benefits of the Insurance Reserve Account. If the Department withdraws funds for such an advance, the Department is required to reimburse the Insurance Reserve Account for such amount from the proceeds of insurance, guarantee or foreclosure received with respect to such Mortgage Loan.

The Housing Finance Bond Declarations relating to the prior Series of Bonds generally require that newly-originated Mortgage Loans purchased with the proceeds of such Series of Bonds be insured by FHA and be entitled to the benefits of the Insurance Reserve Account and that there be on deposit in the Insurance Reserve Account an amount equal to 2% of the outstanding principal amount of each such newly-originated Mortgage Loan or, pursuant to the Housing Finance Bond Declarations relating to certain Series of Bonds issued subsequent to the 1994 Series B Bonds, such lesser amount as may be otherwise established in a Director’s Determination. In addition, the Housing Finance Bond Declarations relating to Bonds issued subsequent to the 1995 Series A Bonds permit the financing of Mortgage Loans which are VA-guaranteed, uninsured or insured by Private Mortgage Insurance, all in accordance with the requirements of the related Housing Finance Bond Declaration. The Housing Finance Bond Declarations relating to the 1999 Series A Bonds and 1999 Series B Bonds and all Bonds issued subsequent thereto permit the financing of Mortgage Loans which are guaranteed by RHS and require that such Mortgage Loans be entitled to the benefits of the Insurance Reserve Account and that there be on deposit in the Insurance Reserve Account an amount equal to 3% of the outstanding principal amount of each such newly-originated Mortgage Loan. The Department obtained Mortgage Pool Insurance covering certain Mortgage Loans that are insured by Private Mortgage Insurance and were purchased with the proceeds of each Series of Bonds issued after 1995; the Department has maintained such Mortgage Pool Insurance in effect or has provided coverage for such Mortgage Loans under the Insurance Reserve Account. The Housing Finance Bond Declaration relating to the 1991 Series D Bonds required that Mortgage Loans acquired with the proceeds of such Series of Bonds and originally financed with the proceeds of certain of the Department’s Housing Finance Revenue Bonds (Single-Family Mortgage Program) be entitled to the benefits of the Insurance Reserve Account and that an amount equal to 3% of the outstanding principal amount of each such

Mortgage Loan as of the date of acquisition by the Department be on deposit in the Insurance Reserve Account of such Series of Bonds.

As of April 1, 2025, the unaudited balance on deposit in the Insurance Reserve Account was \$21,919,693, which is an amount at least equal to the amount required to be on deposit in the Insurance Reserve Account for Mortgage Loans entitled to the benefits of such Account that were financed or are expected to be financed with funds relating to the prior Series of Bonds.

Guaranteed Mortgage Securities

Guaranteed Mortgage Securities, at the time of acquisition by the Department, must have been issued by or guaranteed as to payment of principal and interest by the Government National Mortgage Association (“GNMA”), the Federal National Mortgage Association (“**Fannie Mae**”), the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) or any other agency or instrumentality of or chartered by the United States which has similar powers. Certain information concerning mortgage insurance and guaranty programs, the GNMA Securities, the Fannie Mae Securities and the Freddie Mac Securities can be found in APPENDIX A – “SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS. For certain information as of April 1, 2025 regarding Guaranteed Mortgage Securities, see “THE PROGRAM – Certain Information Relating to Outstanding Guaranteed Mortgage Securities” below. The Department expects to use the lendable proceeds of, or allocable to, the Offered Bonds to purchase Guaranteed Mortgage Securities, which may include UMBSs (defined below).

On June 3, 2019, Fannie Mae and Freddie Mac (each, an “**Enterprise**” and, together, the “**Enterprises**”) began issuing new, common, single mortgage-backed securities, formally known as Uniform Mortgage-Backed Securities (“**UMBSs**”). The UMBSs issued by the Enterprises finance the same types of fixed-rate mortgages that back Fannie Mae Securities and Freddie Mac Securities and are guaranteed by either Fannie Mae or Freddie Mac depending upon which Enterprise issues the UMBS. Each UMBS is backed by fixed-rate mortgage loans purchased entirely by one of the Enterprises; thus, there is no comingling of collateral. The UMBSs have characteristics similar to Fannie Mae Securities, and Freddie Mac has modified its security structure to more closely align with Fannie Mae Securities. The Enterprises may be required to consult with each other to ensure specific Enterprise programs or policies do not cause or have potential to cause cash flows to investors of mortgage-backed securities to misalign. For purposes of this Official Statement and the Indenture, the term “Guaranteed Mortgage Securities” includes UMBSs.

Debt Reserve Account

The Indenture establishes a reserve account (the “**Debt Reserve Account**”) and provides that the requirement for such Account (the “**Debt Reserve Requirement**”) is an amount equal to the aggregate of all amounts established with respect to each Series of Bonds, which must at least equal 3% of the outstanding aggregate principal amount of all Bonds, provided that no Housing Finance Bond Declaration relating to a Series of Bonds intended by the Department to be federally tax-exempt will establish any such requirement in an amount that, in the opinion of Bond Counsel, will cause interest on such Series of Bonds to be included in gross income for federal income tax purposes.

The money in the Debt Reserve Account is available to be used to pay the principal of and interest on the Bonds, to the extent that the amount necessary is not available in the Revenue Account.

Upon the issuance of the Offered Bonds, the Debt Reserve Account will have at least \$33,371,400* on deposit, which is an amount at least equal to the Debt Reserve Requirement. On each interest payment date, amounts in the Debt Reserve Account in excess of the Debt Reserve Requirement may be transferred upon request by the Department to the Revenue Account and, thereafter, treated as Revenues.

Pursuant to the Act, a “capital reserve account” could be established under the Indenture. If a capital reserve account was so established, the Act requires that the Director certify to the Governor and the Legislative Assembly the amount, if any, needed to restore such capital reserve account to its required amount, and the Legislative Assembly would then consider whether or not to appropriate the amount so certified. The Debt Reserve Account is not a capital

* Preliminary, subject to change.

reserve account and is not subject to the provisions of the Act relating to a capital reserve account. The Indenture contains no requirement that such an account be established with respect to any Series of Bonds.

Cash Flow Statements

In accordance with the Indenture, the Department is required to prepare a Cash Flow Statement (1) at least annually as of the close of each Bond Year within 180 days of the end of each Bond Year, (2) upon the issuance of a Series of Bonds, (3) whenever amounts are to be applied to redeem or purchase Bonds, or whenever Revenues, including Prepayments, are to be applied to the acquisition of Mortgage Loans or Guaranteed Mortgage Securities, in a manner not reflected in the current Cash Flow Statement, (4) whenever amounts are to be released from the lien of the Indenture to an extent not reflected in the current Cash Flow Statement and (5) whenever required by a Housing Finance Bond Declaration. Each Cash Flow Statement will demonstrate that in the current and each succeeding Bond Year the amounts then expected to be on deposit in the Accounts (other than the Insurance Reserve Account) in each such Bond Year will be at least equal to all amounts required to pay the Parity Obligations and all Expenses in each such Bond Year. A Cash Flow Statement prepared for the issuance of a Series of Bonds may reflect the information contained in the most recent Cash Flow Statement, modified to show the issuance of such Series of Bonds and the receipt of any Revenues and the payment of any Parity Obligation Instruments which reflect events that have occurred and, as determined by the Department, may have a materially adverse effect on the ability of the Department to pay the Parity Obligations, including principal of and interest on the Bonds, and Expenses when due. If the annual Cash Flow Statement shows an inability by the Department to pay Parity Obligations and all Expenses in the current or any future Bond Year, no default occurs under the Indenture, but the Department is required to take all reasonable actions to provide for the payment of Parity Obligations and Expenses when due. The Department is precluded from issuing additional Bonds, redeeming or purchasing Bonds, applying Revenues to the acquisition of Mortgage Loans or Guaranteed Mortgage Securities or releasing amounts from the lien of the Indenture, if the current Cash Flow Statement shows that the taking of such action will result in or increase the inability of the Department to pay Parity Obligations and all Expenses in the current or any future Bond Year.

Additional Bonds

The Indenture permits the issuance of additional Bonds to provide funds for the purpose of purchasing Mortgage Loans or Guaranteed Mortgage Securities and, in addition, to refund outstanding Bonds issued under the Indenture or certain other indentures, if such additional Bonds meet all the requirements of the Indenture. Any additional Bonds issued under the Indenture will be on parity with all other Bonds Outstanding and any other Parity Obligations and will be entitled to the equal benefit, protection and security of the provisions, covenants and agreements of the Indenture.

THE OFFERED BONDS

General

The Offered Bonds will be dated their date of delivery and will mature on the dates and in the amounts set forth on the inside cover page. The Offered Bonds will bear interest at the rates set forth on the inside cover page from the later of their date of delivery or most recent interest payment date, payable on the dates set forth on the cover page. Interest on the Offered Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Offered Bonds are issuable only as fully-registered Bonds, in the denominations set forth on the cover page.

DTC

The Offered Bonds initially will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“**DTC**”), New York, New York, which will act as securities depository for the Offered Bonds. Purchases of the Offered Bonds will be in book-entry form only in the denominations described above. Payments of principal of and interest on the Offered Bonds will be made by wire transfer from the Trustee to Cede & Co. as registered owner. If the date for making any payment of principal or premium, if any, or interest on the Bonds is a legal holiday or a day on which banking institutions in the city where the Trustee is located are authorized by law to

remain closed, such payment may be made, with the same force and effect as if done on such date, on the next succeeding day which is not a legal holiday or not a day on which such banking institutions are authorized by law to remain closed. Certain information relating to DTC and book-entry is contained in APPENDIX C hereto.

Application of the Proceeds of the Offered Bonds*

Following certain replacements described above, the proceeds of the Series A Bonds are expected to be applied approximately as follows:

For deposit in the 2025 Series A Acquisition Subaccount	\$
Total	<u>\$</u>

The proceeds of the Series B Bonds are expected to be applied approximately as follows:

For deposit in the 2025 Series B Acquisition Subaccount	\$
For deposit in the Debt Reserve Account	
Total	<u>\$</u>

The Department will pay the costs related to the issuance of the Offered Bonds from available unrestricted funds of the Department.

Redemption Provisions*

The Offered Bonds are subject to redemption prior to maturity upon notice by the Trustee from Sinking Fund Requirements, special redemption and/or optional redemption, as described below.

Sinking Fund Redemption

The Series A Bonds maturing on July 1, 2040 are subject to mandatory redemption in part by lot at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the amounts as follows:

<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	
2038	\$ 725,000	\$1,225,000	2040	\$1,320,000	\$1,355,000	(maturity)
2039	1,255,000	1,290,000				

The Series A Bonds maturing on July 1, 2045 are subject to mandatory redemption in part by lot at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the amounts as follows:

<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	
2041	\$1,390,000	\$1,425,000	2044	\$1,620,000	\$1,665,000	
2042	1,460,000	1,500,000	2045	1,710,000	1,755,000	(maturity)
2043	1,540,000	1,580,000				

* Preliminary, subject to change.

The Series A Bonds maturing on July 1, 2050 are subject to mandatory redemption in part by lot at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the amounts as follows:

<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	
2046	\$1,875,000	\$1,920,000	2049	\$2,195,000	\$2,255,000	
2047	1,975,000	2,030,000	2050	2,315,000	2,380,000	(maturity)
2048	2,085,000	2,140,000				

The Series A Bonds maturing on July 1, 2055 (the “PAC Bonds”) are subject to mandatory redemption in part by lot at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, on the dates and in the amounts as follows:

<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	<u>Year</u>	<u>Principal Amount (January 1)</u>	<u>Principal Amount (July 1)</u>	
2051	\$1,505,000	\$2,420,000	2054	\$2,865,000	\$2,965,000	
2052	2,505,000	2,590,000	2055	3,065,000	3,175,000	(maturity)
2053	2,680,000	2,770,000				

Special Redemption

The Series A Bonds are subject to redemption, at the option of the Department, in whole or in part, at any time, from proceeds attributable to the Series A Bonds not applied to the financing of Guaranteed Mortgage Securities or applied to refund, within 90 days of the date of issuance of the Series A Bonds, certain prior Series of Bonds (“**Series A Unexpended Proceeds**”), at a Redemption Price equal to (1) in the case of the Series A Bonds other than the PAC Bonds, the principal amount thereof, without premium, and (2) in the case of the PAC Bonds, the respective Redemption Prices set forth in APPENDIX E to this Official Statement, in each case plus accrued interest to the redemption date, but, in each case, *only* if and to the extent necessary to maintain the exclusion of interest on the Series A Bonds from gross income for federal income tax purposes. The Code currently requires that approximately \$50 million of nonrefunding proceeds of the Series A Bonds available for the financing of Guaranteed Mortgage Securities which are not applied thereto must be applied to redeem the Series A Bonds within 42 months of the date of issuance thereof. The Series B Bonds are subject to redemption, at the option of the Department, in whole or in part, at any time, from proceeds thereof available for the financing of Guaranteed Mortgage Securities which are not applied thereto (“**Series B Unexpended Proceeds**”; together with Series A Unexpended Proceeds, “**Series AB Unexpended Proceeds**”), at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date. The Department has not redeemed any Bonds of any Series from the unexpended proceeds thereof since 1996.

The Offered Bonds are also subject to redemption, at the option of the Department, in whole or in part, at any time, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium, from Revenues from any Series of Bonds, *except* as set forth under “Special Redemption of the PAC Bonds” below, including amounts resulting from Prepayments and reductions in the Debt Reserve Requirement, but *excluding* (1) proceeds of the sale of Mortgage Loans, unless such Mortgage Loans are in default in accordance with their terms, are sold to preclude the interest on Bonds from being includable in gross income for federal income tax purposes, violate requirements of the Program, or are sold to protect the interest of Bondowners, as determined by the Department, and (2) proceeds of the sale of Guaranteed Mortgage Securities.

Applicable federal tax law currently requires redemption of the Series A 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 thereon as discussed under “THE PROGRAM – Requirements of Section 143 of the Code Relating to Certain Mortgage Loans and Underlying Loans – Repayment of Issue.” It is currently expected that the following approximate percentages of principal repayments and prepayments of 2025 Series A Guaranteed Mortgage Securities received on

or after the dates set forth in the following table, will be required by the Code to be applied no later than the close of the first semiannual period beginning after the date of receipt to the retirement of the Series A Bonds.

<u>Date</u>	<u>Approximate Percentage</u>
June 24, 2025	7%
September 1, 2025	8
May 31, 2026	10
May 25, 2027	11
October 12, 2027	14
June 5, 2028	18
September 25, 2028	22
December 19, 2028	27
September 19, 2029	31
August 31, 2031	32
November 20, 2034	33
June 24, 2035	100

Such percentages and dates derive from the Department's expected use of proceeds. No assurance can be given that the actual use of proceeds will be such as to produce such percentages, or that the Code will not be amended so as to no longer require such redemptions. The Department also may redeem the Series A Bonds in amounts greater than such percentages from available Revenues. Revenues not required to be applied to the redemption of Bonds may be otherwise applied as permitted by the Indenture. See APPENDIX G – "Summary of Certain Provisions of the Indenture – Revenue Account" hereto.

Special Redemption of the PAC Bonds

An amount equal to 100% of Prepayments and other available principal repayments of the 2025 Series AB Guaranteed Mortgage Securities (as calculated by the Department) (the "**2025 Series AB Prepayments**") will be applied first to the redemption of the PAC Bonds in an amount up to the Cumulative Amount for the related period set forth in the following table, prior to the redemption of other Bonds (if the amount available for such redemption is less than \$100,000, the Department may delay redemption of the PAC Bonds until the amount of 2025 Series AB Prepayments available for such redemption totals \$100,000 or more). Such Cumulative Amounts are derived from certain assumptions related to the 2025 Series AB Guaranteed Mortgage Securities, including the assumptions that the 2025 Series AB Guaranteed Mortgage Securities are purchased as anticipated, 2025 Series AB Prepayments are received at a rate equal to 75% of the Securities Industry and Financial Markets Association ("**SIFMA**") Standard Prepayment Model, and that 100% of such amounts will be used to redeem the PAC Bonds. 2025 Series AB Prepayments may be applied to the redemption of the PAC Bonds in excess of the applicable Cumulative Amount if such redemption is necessary to preserve the tax-exempt status of the Series A Bonds or if no other Offered Bonds remain Outstanding. Revenues from Mortgage Loans and Guaranteed Mortgage Securities other than the 2025 Series AB Guaranteed Mortgage Securities may be applied to the redemption of the PAC Bonds, but only to the extent that such redemptions do not exceed the applicable Cumulative Amount. If Offered Bonds are redeemed from Series AB Unexpended Proceeds, the amount of the PAC Bonds redeemed will be proportional to the total amount of Offered Bonds being redeemed, and each Cumulative Amount set forth in the table below will be recalculated to be equal to the product of (1) such amount and (2) the fraction whose numerator is equal to the remainder of (a) the total amount of proceeds of Offered Bonds originally available for the financing of Guaranteed Mortgage Securities less (b) the aggregate amount of proceeds of Offered Bonds that have been used to so redeem Offered Bonds, and whose denominator is equal to the total amount of proceeds of Offered Bonds originally available for the financing of Guaranteed Mortgage Securities.

<u>Semi-Annual Period Ending</u>	<u>Cumulative Amount</u>	<u>Semi-Annual Period Ending</u>	<u>Cumulative Amount</u>
January 1, 2026	\$ 20,000	January 1, 2032	\$18,235,000
July 1, 2026	350,000	July 1, 2032	19,810,000
January 1, 2027	1,100,000	January 1, 2033	21,335,000
July 1, 2027	2,260,000	July 1, 2033	22,615,000
January 1, 2028	3,815,000	January 1, 2034	23,630,000
July 1, 2028	5,715,000	July 1, 2034	24,430,000
January 1, 2029	7,670,000	January 1, 2035	25,065,000
July 1, 2029	9,570,000	July 1, 2035	25,570,000
January 1, 2030	11,410,000	January 1, 2036	25,965,000
July 1, 2030	13,200,000	July 1, 2036	26,280,000
January 1, 2031	14,930,000	January 1, 2037	26,530,000
July 1, 2031	16,610,000	July 1, 2037	26,540,000

The following table sets forth the projected last year outstanding and weighted average life (in years) for the PAC Bonds, based upon various rates of 2025 Series AB Prepayments (expressed as percentages of the SIFMA Standard Prepayment Model) and certain other assumptions. Such other assumptions include, but are not limited to, the following: (1) the 2025 Series AB Guaranteed Mortgage Securities are purchased at the times anticipated; (2) \$95,000,000 in aggregate principal amount of Guaranteed Mortgage Securities are purchased with proceeds of the Offered Bonds, with Underlying Loans having a weighted average term of 360 months and a weighted average mortgage loan rate of 6.31% per annum on the date of purchase; (3) 2025 Series AB Prepayments are applied as described in the immediately preceding paragraph; and (4) the Offered Bonds are redeemed as described under “Sinking Fund Redemption” above.

<u>July 1, 2033 Optional Redemption Not Exercised</u>			<u>July 1, 2033 Optional Redemption Exercised</u>	
<u>Percent of SIFMA Model</u>	<u>Weighted Average Life</u>	<u>Last Date Outstanding</u>	<u>Weighted Average Life</u>	<u>Last Date Outstanding</u>
0%	28.0	7/1/2055	8.0	7/1/2033
25	14.5	7/1/2055	7.1	7/1/2033
50	7.4	7/1/2039	6.1	7/1/2033
75	5.5	7/1/2037	5.3	7/1/2033
100	5.5	7/1/2037	5.3	7/1/2033
200	5.5	7/1/2037	5.3	7/1/2033
300	5.5	7/1/2037	5.3	7/1/2033
400	5.5	7/1/2037	5.3	7/1/2033
500	5.5	7/1/2037	5.3	7/1/2033
600	5.5	7/1/2037	5.3	7/1/2033
700	4.8	7/1/2033	4.8	7/1/2033
800	4.4	7/1/2032	4.4	7/1/2032

The weighted average life of a bond refers to the average of the length of time that will elapse from the date of issuance of such bond to the date each installment of principal is paid, weighted by the amount of such installment. The weighted average life of the PAC Bonds will be influenced by, among other factors, the rate at which repayments and prepayments of the 2025 Series AB Guaranteed Mortgage Securities are received.

Actual events, including, among others, the rate of 2025 Series AB Prepayments received, will differ from the assumptions used to model the above table. Therefore, the actual last date Outstanding and weighted average life of the PAC Bonds will differ from those set forth above.

Optional Redemption

The Offered Bonds maturing on or after January 1, 2034 (other than the PAC Bonds) are subject to redemption on any date on or after July 1, 2033, at the option of the Department, in whole or in part, at a Redemption Price equal to one hundred percent (100%) of the principal amount thereof, plus accrued interest to the date of redemption.

The PAC Bonds are subject to redemption on any date on or after July 1, 2033, at the option of the Department, in whole or in part, at the respective Redemption Prices set forth in APPENDIX E hereto, plus accrued interest to the date of redemption.

General Provisions

The Department may select Bonds for redemption from among any Series of Bonds and maturities as it deems appropriate, subject to the provisions of the applicable Housing Finance Bond Declaration. In the absence of direction from the Department, the Trustee shall select Bonds for redemption from among maturities of each Series of Bonds, and credit redemptions against Sinking Fund Requirements, on a proportionate basis. If less than all the Bonds of a single maturity are called for redemption, the particular Bonds to be redeemed are to be selected by the Trustee by lot. As long as the Offered Bonds are registered with Cede & Co., notice of redemption will be sent to DTC during the period then required by DTC, which is currently not less than two business days plus 20 calendar days prior to the redemption date, subject to the requirements of the Indenture. See APPENDIX C – “DTC and Book-Entry System” and APPENDIX G – “Summary of Certain Provisions of the Indenture – Notice of Redemption” for such requirements. Notice of the redemption will be sent by the Trustee to the registered owners of any Bonds which are to be redeemed, at their last addresses appearing upon the registry books. If less than all of the Term Bonds Outstanding of any one maturity shall be called for redemption, the principal amount of such Term Bonds to be redeemed shall be credited to the remaining Sinking Fund Requirements in the manner that the Department deems appropriate. All Bonds called for redemption will cease to accrue interest on the specified redemption date and will no longer be considered Outstanding under the Indenture, provided funds sufficient for the redemption of such Bonds are deposited with the Trustee.

THE PROGRAM

General

Under the Program, initiated in 1988, the Department may purchase Mortgage Loans and Guaranteed Mortgage Securities, and provide down payment and/or closing costs assistance, with funds on deposit in the Acquisition Account of the Indenture, in accordance with current provisions of the Act, to provide financing for existing, newly-constructed, or substantially rehabilitated single-family residences in the State (“**Single-Family Residences**”). The Indenture provides for the financing of Mortgage Loans and Underlying Loans through direct lending, although the Act makes direct lending (except for loans made solely to provide assistance with down payments or closing costs) subject to a legislative finding that private lending institutions are unwilling or unable to participate in the Program.

The Program is a continuation of the mortgage purchase program initiated by the Housing Division in 1977 to provide below-market interest rate loans to lower-income home buyers under which the State issued bonds under a separate indenture to provide funds to purchase program loans from approved lenders in accordance with the provisions of the Act. The Housing Division established rules relating to such program which state general requirements and policies with respect to qualifications of approved lenders, approved servicers, borrowers, program loans and the dwellings which are mortgaged to secure program loans. The Department maintains a procedural guide which incorporates the rules and sets forth more particular requirements for compliance with federal tax law and procedures for approved lenders and approved servicers (the “**Procedural Guide**”).

Mortgage Loans

The information under this subheading applies *only* to Mortgage Loans and *not* to Underlying Loans. The Department does *not* expect to purchase Mortgage Loans with the proceeds of, or allocable to, the Offered Bonds.

Procedures for Mortgage Loan Origination and Purchase

Mortgage Lenders must be authorized to engage in the business of making loans of the general character of Mortgage Loans and must be qualified to sell Mortgage Loans to Fannie Mae or Freddie Mac or be approved by the Department. The Department purchases Mortgage Loans from Mortgage Lenders pursuant to Program Loan Purchase Agreements between individual Mortgage Lenders and the Department. The Mortgage Lenders accept applications, screen potential mortgagors, obtain the applicable loan insurance, close Mortgage Loans, and sell eligible Mortgage Loans to the Department.

Mortgage Lenders make certain representations and warranties regarding each Mortgage Loan purchased by the Department. In the event any representation or warranty proves to have been untrue as of the time when made, or the Mortgage Lender defaults in the observance of its obligations under the Program Loan Purchase Agreement, the Department may rescind its purchase of the affected Mortgage Loan and demand return of the outstanding principal balance of the Mortgage Loan plus accrued interest thereon. If after delivery of a Mortgage Loan the Department discovers any substantial error or defect which could invalidate or jeopardize the lien securing the Mortgage Loan, the Mortgage Lender must cure the same within 90 days of notice thereof or be subject to rescission as described above.

Mortgage Lenders are permitted to charge the borrowers normal closing costs plus a fee not exceeding 1.75% of the original principal balance of the mortgage loan, plus up to \$1,000 in processing fees. At the time of purchase of each such Mortgage Loan, Mortgage Lenders are required to pay the Department a fee equal to 0.50% of the original principal balance of the Mortgage Loan. In general, all such Mortgage Loans which are the subject of a reservation from the Department are required to be delivered for purchase within 90 days from the date the reservation is made. If Mortgage Loans are not delivered within such period, the Department may extend the delivery period or reallocate available proceeds, to the extent that such extension or reallocation is consistent with the most recent Cash Flow Statement or redeem Bonds. The Department may also agree to purchase Mortgage Loans in amounts equal to available Revenues, including prepayments of Mortgage Loans, which are not required for the payment of principal of and interest on the Bonds in the then current fiscal year as determined by the Department. The Department expects that any Mortgage Loans purchased from Mortgage Lenders will be at a price equal to the outstanding principal balance of each Mortgage Loan plus accrued interest to the date of purchase.

The Department is permitted to offer closing costs assistance to borrowers in conjunction with Mortgage Loans. Such assistance may be applied to costs related to the closing of the Mortgage Loan, but it may not be applied as a down payment to the purchase of the Single-Family Residence. The amount of such assistance, if provided, is currently equal to 3% of the original principal amount of the related Mortgage Loan and is not included in the principal balance of the Mortgage Loan. Borrowers receiving assistance may pay a higher rate of interest on their Mortgage Loans than would be paid by borrowers not receiving assistance.

Mortgage Loan Servicing

Each Mortgage Loan is serviced by a servicer approved by the Department (each an “**Approved Servicer**”). An Approved Servicer must be an entity legally authorized to engage in the business of servicing mortgage loans of the general character of the Mortgage Loans and must meet the qualifications established in the Procedural Guide. The Approved Servicer must be an approved seller-servicer of mortgage loans to and for Fannie Mae or Freddie Mac or be approved by the Department and, if the Approved Servicer services FHA-insured Mortgage Loans, VA-guaranteed Mortgage Loans or RHS-guaranteed Mortgage Loans, must be an FHA-approved mortgagee, VA-approved mortgagee or RHS-approved mortgagee, as applicable. An Approved Servicer may be a Mortgage Lender. There are currently six Approved Servicers servicing Mortgage Loans under the Program. A list of the Approved Servicers and information concerning the aggregate principal amount of Mortgage Loans serviced by each such Approved Servicer is set forth below under the heading “Certain Information Relating to Outstanding Mortgage Loans.”

Each Approved Servicer enters into a Program Loan Servicing Agreement which establishes basic agreements between the Department and the Approved Servicer and incorporates by reference the detailed guidelines for servicing contained in the Procedural Guide, which may be revised from time to time at the discretion of the Department. The Program Loan Servicing Agreement may be terminated at any time without cause by the Department with respect to any Mortgage Loan; however, under the terms of some of these Agreements, termination without cause prior to five years from the date of commencement of servicing entitles the Approved Servicer to a fee of up to 1% of the unpaid principal amount of the Mortgage Loan. In lieu of entering into, or termination of, any Program Loan Servicing Agreement, the Department retains the right to select another Approved Servicer or service Mortgage Loans with its own staff.

The Approved Servicer is responsible for loan accounting, remitting to the Department the principal and interest payments on the Mortgage Loans and any other sums paid by borrowers which the Department requires to be remitted and for accounting for and management of escrows of sums paid by borrowers for payment of taxes, assessments, mortgage and hazard insurance premiums and other expenses. For servicing each Mortgage Loan, the Approved Servicer is entitled to a fee calculated according to the formula appearing in the Procedural Guide. Such fee is currently calculated to approximately .375% per annum of the outstanding principal amount of Mortgage Loans serviced relating to Bonds. The servicing fee is to be deducted from amounts remitted on a monthly basis to the Department.

The Approved Servicer must comply with all requirements of FHA, VA, RHS or private mortgage insurance companies, as applicable, with respect to Mortgage Loans and must maintain, in effect at all times and at the Approved Servicer's expense, a fidelity bond (or direct surety bond) and an errors and omissions policy issued by a company currently classified in Best's Insurance Reports as Class 6 or higher and written on a policy form covering all officers, employees and persons duly authorized by the Approved Servicer to act on behalf of the Approved Servicer for the Department.

The Approved Servicer is responsible for ensuring that hazard insurance meeting the requirements set forth in the Procedural Guide is at all times maintained with respect to a Mortgage Loan. The Approved Servicer must indemnify the Department for any loss suffered by the Department as a result of a failure to maintain such insurance. The Department is to be named as payee on insurance loss drafts.

Guaranteed Mortgage Securities and Underlying Loans

In 2023, the Department implemented a program ("**Flex Lending**") under which qualified FHA-insured, VA-guaranteed, USDA/RD-guaranteed and conventional closed mortgage loans (including Underlying Loans) relating to Single-Family Residences originated by Mortgage Lenders underlie mortgage-backed pass-through certificates issued and/or sold by Idaho Housing and Finance Association, Boise, Idaho ("**IHFA**" or the "**Master Servicer**") on behalf of the Department, which pass-through certificates are guaranteed as to timely payment of principal and interest by GNMA, Fannie Mae or Freddie Mac. Underlying Loans may be Qualifying Loans under the Department's FirstHome program or Non-Qualifying Loans under the Department's NextStep program for borrowers who meet certain Department income limits and other requirements but are not eligible for a Qualifying Loan. As more fully described below, Underlying Loans originated by Mortgage Lenders will be pooled by the Master Servicer into Guaranteed Mortgage Securities and then purchased with Bond proceeds by the Trustee under the Indenture.

The Department offers down payment and/or closing costs assistance to borrowers in conjunction with Underlying Loans financed through Flex Lending. Such assistance is a second mortgage in the form of either a silent forgivable second lien or an amortizing repayable second lien. The amount of such assistance, if provided, is currently equal to 4% or 5% of the principal amount of the first mortgage loan, depending on borrower eligibility, and may be applied to the down payment, closing costs, pre-paid items, upfront borrower-paid mortgage insurance, and other related loan fees and expenses. Borrowers receiving assistance may pay a higher rate of interest on their mortgage loans than would be paid by borrowers not receiving assistance.

Underlying Loan Origination and Purchase

Under Flex Lending, Underlying Loans are originated by Mortgage Lenders who have entered into a Mortgage Lending Program Origination Agreement & Mortgage Loan Purchase Contract (an “**Origination Agreement**”) with the Department. Among other requirements, each Mortgage Lender must be an approved or delegated Fannie Mae or Freddie Mac seller/servicer or otherwise be an eligible lender in good standing or delegated for HUD- or VA-insured mortgage loans or RHS-guaranteed mortgage loans.

Each Origination Agreement establishes requirements regarding the type of loans that will qualify as Underlying Loans. Such requirements are based on policies adopted by the Department and are subject to change. Underlying Loans will be purchased by the Master Servicer and aggregated with other Underlying Loans into a loan pool supporting Guaranteed Mortgage Securities. Such Guaranteed Mortgage Securities are then purchased from the Master Servicer by the Trustee. Under the Master Servicing Agreement (defined below), the Master Servicer is responsible for remitting the principal and interest payments scheduled to be made on the Underlying Loans under the terms of the applicable GNMA, Fannie Mae and Freddie Mac documents. See “The Master Servicer and Servicing” below for more information regarding the Master Servicer. See APPENDIX A hereto for information about the GNMA, Fannie Mae and Freddie Mac programs.

The Master Servicer and Servicing

General. As more fully described above, the Master Servicer is required to purchase Underlying Loans from Mortgage Lenders, to issue Guaranteed Mortgage Securities backed by such Underlying Loans, and to sell such Guaranteed Mortgage Securities to the Trustee. Once Guaranteed Mortgage Securities have been issued or sold to the Trustee, as applicable, the Master Servicer’s primary duties involve the collection and distribution to the Trustee, GNMA, Fannie Mae and Freddie Mac, as appropriate depending on program requirements, of payments received on account of the Underlying Loans. See APPENDIX A hereto for information about the Master Servicer’s role under the GNMA, Fannie Mae and Freddie Mac programs.

Pursuant to the Master Servicing Agreement, the Master Servicer is expected to service all Underlying Loans pooled into Guaranteed Mortgage Securities which are acquired by the Trustee.

The Master Servicer. *The information under this subheading has been provided solely by IHFA and is believed to be reliable but has not been verified independently by the Department. No representation whatsoever as to the accuracy, adequacy, or completeness of such information is made by the Department.*

IHFA is (i) an FHA-, VA- and USDA/Rural Development-approved lender in good standing, (ii) a GNMA-approved seller and servicer of mortgage loans and an issuer of mortgage-backed securities guaranteed by GNMA, (iii) a Fannie Mae-approved seller and servicer of Fannie Mae securities and (iv) a Freddie Mac-approved seller and servicer of Freddie Mac securities. As of December 31, 2024, IHFA serviced 273,455 single-family mortgage loans with an aggregate principal balance of approximately \$35.6 billion. IHFA currently services single-family mortgage loans for housing finance authorities, mutual savings banks, non-profit associations and commercial banks, as well as Fannie Mae, GNMA and Freddie Mac. As of December 31, 2024, according to its unaudited quarterly financial statements, IHFA had total assets, not including deferred outflows of resources, of \$5.0 billion and a net position of approximately \$676 million. For the twelve months ending December 31, 2024, IHFA originated and purchased single-family mortgage loans in a total principal amount of approximately \$1.3 billion in Idaho and another \$5.2 billion for its partnership states.

Agreement with IHFA. IHFA will acquire and service Underlying Loans under the terms of a Program Administration and Servicing Agreement among the Department and IHFA (as it may be amended from time to time, the “**Master Servicing Agreement**”). The principal responsibilities of IHFA under the Master Servicing Agreement include purchasing and pooling Underlying Loans, issuing and/or selling the Guaranteed Mortgage Securities at the Department’s direction (e.g. to the Trustee) and servicing the Underlying Loans (subject to the standard GNMA, Fannie Mae and Freddie Mac procedures for servicing mortgage loans).

The Department is responsible under the Master Servicing Agreement for reviewing each Underlying Loan originated by the Mortgage Lenders to determine compliance with GNMA, Fannie Mae and Freddie Mac loan documentation. Upon completion of such review, IHFA is required to acquire approved Underlying Loans on behalf of

the Department and complete all required documents and forms incidental to the inclusion of such Underlying Loans in GNMA, Fannie Mae or Freddie Mac pools.

The Master Servicing Agreement obligates IHFA to service each Underlying Loan it acquires. Its rights as a servicer include, among others, the right to execute and deliver customary consents, waivers and releases, the right to collect insurance proceeds, and the right to effectuate foreclosure proceedings (so long as such rights are exercised in accordance with applicable GNMA, Fannie Mae and Freddie Mac documents). IHFA also is responsible under the Master Servicing Agreement for remitting the principal and interest payments made on the Underlying Loans under the terms of the applicable GNMA, Fannie Mae and Freddie Mac documents. If the Master Servicing Agreement is not extended, the obligations of the Master Servicer to service the Underlying Loans it has pooled under Guaranteed Mortgage Securities will continue.

Under the Master Servicing Agreement, the Department receives monthly servicing release fees. IHFA receives a portion of each installment of interest under the Underlying Loans acquired and certain late charges paid by the borrower as compensation for its services under the Master Servicing Agreement.

Subject to written approval by the Department and the Trustee, the obligations and duties of IHFA under the Master Servicing Agreement may be assigned to another firm then currently approved to act in such capacity by GNMA, Fannie Mae or Freddie Mac.

Mortgage Loan and Underlying Loan Eligibility

Generally, Mortgage Loans and Underlying Loans must be made to residents of the State whose income at the time of origination does not exceed the lower of the median family income applicable under the Code in the area where housing is to be provided or such income limits as may be established from time to time by the Department. Each borrower must possess legal capacity to enter into the Mortgage Loan or Underlying Loan, have a satisfactory credit standing, intend to purchase the home as a permanent, primary residence and agree not to rent (except under special circumstances) the home during the term of the mortgage loan. Properties that are eligible for a Mortgage Loan or Underlying Loan must be located in the State, be structurally sound and functionally adequate and meet all applicable zoning requirements, building codes and similar requirements.

Requirements of Section 143 of the Code Relating to Certain Mortgage Loans and Underlying Loans

The requirements under this subheading apply *only* to Mortgage Loans and Underlying Loans that are Qualifying Loans and to Bonds that are Qualified Mortgage Bonds.

General

Depending on the date of origination of a mortgage loan and the application of various effective date provisions and transition rules contained in the Code or in various federal tax acts or other interpretations of the applicability of certain Code provisions, all, a portion or none of the following requirements contained in Section 143 of the Code will be applicable to such mortgage loan. Such requirements are applicable to mortgage loans financed with proceeds of “qualified mortgage bonds” under the Code (“**Qualified Mortgage Bonds**”), such as the Series A Bonds.

Section 143 of the Code provides that interest on obligations of a governmental unit issued to finance single-family residences, or to refund bonds which were used to finance single-family residences is excludable 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 and investment of funds generated by the issuance of the obligations, the nature of the residence and the mortgage, the origination of mortgages, the repayment of the tax-exempt borrowing, the eligibility of the borrower executing the mortgage and periodic and annual information reports of the Department.

The State has covenanted in the Indenture to do and perform all acts and things necessary or desirable to comply with the Code and to adopt and maintain appropriate procedures for such purpose. In its Rules, Procedural Guide and Program Loan Purchase Agreement, the Department has established procedures and documentation requirements to enable the Department to comply with the requirements of Sections 143 and 148 of the Code.

Mortgage Eligibility Requirements

Section 143 of the Code provides that the Department must reasonably expect at the time a mortgage loan is executed that the borrower will make the residence financed by the mortgage loan such borrower's principal residence within a reasonable time after the financing is provided. Under the procedures established by the Department, the borrower will be required to certify at the closing of the mortgage loan that the borrower intends to make the financed residence their principal residence within 30 days. Section 143 of the Code provides that the acquisition cost of the residence being financed may not exceed certain limitations established for the State. The Department has established purchase price requirements which are within the "safe harbor" limitations for all areas of the State, as published by the United States Treasury Department (the "**U.S. Treasury**") under Section 143 of the Code or pursuant to a study approved by Bond Counsel. The Department requires a certification from the borrower and the seller detailing all amounts paid as the acquisition cost of the residence. At least 95% of the net proceeds of an issue must be used to finance residences of borrowers who have not had a present ownership interest in a principal residence during the three-year period prior to the date on which the mortgage is executed. Proceeds of Qualified Mortgage Bonds used to make mortgage loans in "targeted areas" and for qualified rehabilitation are treated as meeting this requirement. The Department requires the borrower to provide federal income tax returns for the preceding three years for review for evidence of prior ownership interests, except for certain permitted exceptions, and to certify that the borrower has not had a present ownership interest in the borrower's principal residence within the preceding three years.

Under Section 143 of the Code, an existing mortgage loan may not be acquired or replaced with proceeds of a mortgage loan, except for certain mortgage loans for qualified rehabilitation (as more particularly described in the Code). In addition, the replacement of construction period loans and bridge loans or similar temporary initial financings (generally loans with a term of 24 months or less) is not treated as the acquisition or replacement of an existing mortgage loan. With certain limited exceptions, the Department requires a borrower to certify at the time of application for a mortgage loan that any residential property owned will be legally transferred before closing the mortgage loan. In addition, the Mortgage Lender will be required to review the borrower's federal income tax returns for the preceding three years, or a letter from the Internal Revenue Service stating that the borrower has filed a federal income tax return on Form 1040 for such years, and a credit report prior to closing to determine whether the borrower has any outstanding loans that could be acquired or replaced with the proceeds of the mortgage loan. The Mortgage Lender also must review evidence documenting the sale of other residential property prior to closing the mortgage loan.

Section 143 of the Code requires that all mortgage loans must be made to borrowers whose family income is 115% or less of the applicable median family income (100% for families of fewer than three persons), except that one-third of the amount of mortgage loans for targeted area residences may be made to borrowers who do not satisfy this requirement if the remainder of mortgage loans in "targeted areas" are made to borrowers whose family income is 140% or less of the applicable median family income (120% for families of fewer than three persons).

Mortgage loans can be assumed as long as the borrower has no prior home ownership interest in the last three years unless property is in a targeted area, and purchase price and income requirements are met by the assuming party at the time of assumption. The Department requires that each mortgage loan have a provision allowing the Department to accelerate such mortgage loan if the mortgage is assumed and any such requirements are not met.

An issue of Qualified Mortgage Bonds is treated as meeting the mortgage eligibility requirements if (1) the issuer in good faith has attempted to meet all of the mortgage eligibility requirements before the mortgages were executed, (2) 95% or more of the net proceeds of the issue used to make mortgage loans was devoted to financing residences that met all such mortgage eligibility requirements at the time the loans were executed or assumed, and (3) any failure to comply with the mortgage eligibility requirements is corrected within a reasonable period after such failure is first discovered. In determining whether 95% of the net proceeds have been used, the Department may rely on an affidavit of the borrower and of the seller and on examination of copies of the borrower's federal income tax returns for the three years preceding the date the mortgage is executed, unless the Department or the Mortgage Lender knows or has reason to believe that such information is false. Should the relevant information in such affidavits and returns ultimately prove to be untrue, the correction requirements under (3) above must be met. The Department expects to satisfy such correction requirements by (a) rescinding the Department's purchase of any mortgage loan that

is defective due to the fault of the Mortgage Lender, or (b) declaring a default and recovering the proceeds of foreclosure or proceeds of mortgage insurance or a guaranty with respect to a mortgage loan that is defective for a reason other than the fault of the Mortgage Lender.

Loan Origination

Section 143 of the Code requires that, except for amounts of less than \$250,000, all proceeds of Qualified Mortgage Bonds of a Series issued after December 31, 1988 that are required to be used to finance owner-occupied residences be so used within 42 months of the date of issuance of such Series of Qualified Mortgage Bonds or, with respect to Qualified Mortgage Bonds issued to refund prior bonds, within 42 months of the date of issuance of such prior issue of bonds in the case of refunding of unexpended proceeds. Proceeds of Qualified Mortgage Bonds that are not used to finance owner-occupied residences within such period are required to be used to redeem bonds of the issue within the applicable 42-month period. No portion of the proceeds of such Qualified Mortgage Bonds may be used to make or finance a mortgage loan after the close of such period.

Repayment of Issue

Section 143 of the Code requires that, except for amounts of less than \$250,000, repayments of principal of a mortgage loan received after ten years from the date of issuance of the Series of Qualified Mortgage Bonds issued after December 31, 1988 financing such mortgage loan (or, in the case of Qualified Mortgage Bonds financing such mortgage loans which are treated as refunding bonds for purposes of this provision of the Code, the date of issuance of the original issue of bonds) be used to redeem Qualified Mortgage Bonds of such issue no later than the close of the first semiannual period beginning after the date the Prepayment or complete repayment of the mortgage loan is received (the “**10-Year Rule**”).

Recapture Tax

Section 143 of the Code imposes, subject to certain exceptions, a recapture tax on borrowers who (1) receive mortgage loans that were originated after December 31, 1990 and were purchased by the Department with proceeds of Qualified Mortgage Bonds and (2) dispose of the residence financed with such mortgage loan within nine years. In general, Section 143 provides that, subject to a limit of 50% of the amount of gain realized on disposition, an amount equal to 1.25% of the mortgage amount per year is to be recaptured if the residence is disposed of within five years. This maximum recapture amount is phased out on an annual basis during years six through nine, with no recapture being imposed on dispositions occurring after nine years. An exception would exclude from recapture part or all of the subsidy in the case of borrowers whose income at the time of the disposition is less than a prescribed amount. The Department is unable to predict whether, or to what extent, this recapture tax exposure will affect the Department’s ability to purchase mortgage loans or its effect on the prepayment of mortgage loans.

Requirements Related to Investments

Section 143 of the Code requires that the aggregate yield on mortgage loans financed with moneys relating to an issue of Qualified Mortgage Bonds not exceed the aggregate yield on such issue by more than 1-1/8%.

Section 148 of the Code also requires the Department to pay to the U.S. Treasury certain investment earnings on non-mortgage investments to the extent such investment earnings exceed the amount that would have been earned on such investments had such investments been invested at a yield equal to the yield on the issue of Bonds. The Department has established accounting procedures to determine the amount of such excess investment earnings and has retained a nationally recognized consultant to assist the Department with the required arbitrage rebate calculations.

Other Requirements

Section 146 of the Code restricts the amount of private activity bonds, including obligations issued to finance single family residences, that may be issued in the State during each calendar year. Several exceptions to this restriction exist, including one covering certain refunding issues. The Series A Bonds will meet the requirements of the Code with respect to annual volume limitation.

Section 143 of the Code requires that 20% of the net proceeds of an issue of Qualified Mortgage Bonds be made available for owner financing of “targeted area” residences for at least one year after the date on which owner financing is first made available, and that the Department attempt with reasonable diligence to place such proceeds in qualified mortgage loans. “Targeted areas” are (1) those census tracts in the State in which 70% or more of the families have an income that is 80% or less of the statewide median family income or (2) areas of chronic economic distress designated by the State and approved by the Secretaries of Housing and Urban Development and the U.S. Treasury under the criteria specified in Section 143 of the Code. The State’s designation of certain areas in the State as “targeted areas” has been approved by the Secretaries of Housing and Urban Development and the U.S. Treasury. A portion of the proceeds of the Series A Bonds, including any premium, deposited in the 2025 Series A Acquisition Subaccount will be made available for one year following the delivery of such Bonds to provide funds for owner financing of “targeted area” residences, if required.

Monitoring for Compliance

Mortgage Lenders are responsible for reviewing each mortgage loan application with the accompanying documentation, including the borrower affidavits and the seller affidavit, for compliance with the requirements of Section 143 of the Code. Normal and appropriate measures are required to be undertaken by the Mortgage Lenders to verify the information given either independently or concurrently with credit reviews, when applicable. All documentation is required to be cross-checked by the Mortgage Lenders to assure that the information presented is complete and consistent. The Department completes a post-closing compliance verification to confirm that each mortgage loan satisfies the requirements of the Code.

Certain Information Relating to Outstanding Mortgage Loans

The information under this subheading applies *only* to Mortgage Loans and *not* to Underlying Loans

Information relating to the outstanding Mortgage Loans financed or acquired with the proceeds of Bonds as of April 1, 2025, is set forth below:

<u>Interest Rate</u>	<u>Original Number</u>	<u>Original Principal Amount</u>	<u>Outstanding Number</u>	<u>Outstanding Principal Amount</u>
0.000%	31	\$ 1,854,683	13	\$ 205,338
2.125	149	38,583,400	140	32,112,251
2.250	148	41,367,962	144	37,257,255
2.375	24	5,618,926	19	3,985,701
2.500	105	26,975,286	90	20,980,712
2.625	332	83,021,294	271	59,294,993
2.750	126	30,355,381	97	19,879,510
2.875	335	80,373,457	253	55,325,679
3.000	121	36,111,074	117	32,466,452
3.125	315	38,687,167	131	13,616,367
3.250	713	141,929,983	418	67,814,431
3.375	344	65,556,879	152	22,953,977
3.500	249	22,769,178	103	8,884,545
3.625	451	93,674,999	240	42,847,240
3.750	678	142,501,369	282	48,023,200
3.875	322	36,044,939	107	12,621,231
4.000	219	14,933,893	49	5,961,320
4.125	790	176,911,512	277	51,022,951
4.250	184	21,094,704	54	9,490,503
4.375	111	18,003,905	55	14,132,982
4.400	5	911,621	4	409,773
4.500	986	153,023,104	236	35,263,514
4.625	30	1,870,266	10	877,572
4.700	172	23,864,964	21	1,145,107

<u>Interest Rate</u>	<u>Original Number</u>	<u>Original Principal Amount</u>	<u>Outstanding Number</u>	<u>Outstanding Principal Amount</u>
4.750%	66	\$ 2,608,085	7	\$ 1,306,636
4.875	110	28,611,563	61	15,754,794
4.950	1,949	249,061,586	243	12,728,437
5.000	308	34,176,413	62	15,358,455
5.125	227	38,717,980	22	1,978,217
5.200	143	20,391,737	15	1,032,679
5.250	379	57,589,222	33	2,494,132
5.375	445	61,865,393	104	20,306,475
5.400	265	39,236,028	40	2,730,387
5.450	987	147,064,182	69	4,337,299
5.500	424	80,664,509	128	28,496,781
5.625	526	95,161,979	34	5,151,443
5.650	135	20,299,742	12	698,904
5.750	742	143,226,676	232	61,139,781
5.875	87	22,251,943	62	17,356,017
5.900	235	37,008,600	12	937,057
5.950	3,231	302,009,724	119	3,354,185
5.990	107	16,385,592	11	884,398
6.000	494	89,813,494	68	14,805,034
6.050	187	30,480,280	10	749,234
6.125	1,358	165,502,214	183	45,963,592
6.250	561	74,438,606	83	21,086,241
6.300	94	14,037,128	8	493,373
6.375	102	28,424,652	76	22,616,940
6.490	131	21,580,173	8	617,261
6.500	769	73,924,787	77	21,845,331
6.625	355	32,199,868	33	4,961,328
6.750	183	22,856,934	41	11,884,595
6.875	27	8,808,873	25	7,897,990
6.950	773	60,821,636	14	104,050
7.000	485	46,677,728	16	2,818,654
7.125	18	5,779,853	18	5,691,983
7.250	2,859	193,401,754	30	2,439,915
7.375	112	8,395,089	1	29,336
7.500	516	44,010,826	4	90,084
7.625	812	47,717,358	2	28,175
8.250	556	28,005,702	1	11,653
Total	27,698	\$3,689,247,852	5,247	\$956,753,452

The Approved Servicers servicing Mortgage Loans pursuant to individual Program Loan Servicing Agreements and the principal balance of the Mortgage Loans being serviced by each such institution as of April 1, 2025, are set forth below:

<u>Approved Servicers</u>	<u>Outstanding Principal Amount</u>	<u>Percent of Total</u>
Banner Bank	\$360,723,961	37.70%
U.S. Bank.....	265,051,842	27.70
Umpqua Bank.....	176,293,386	18.43
Homestreet Bank	145,117,457	15.17
Wells Fargo Home Mortgage	9,466,623	0.99
PHH Mortgage Corp.....	100,183	0.01
Total.....	<u>\$956,753,452</u>	<u>100.00%</u>

Information generally relating to certain characteristics of Mortgage Loans financed or acquired with the proceeds of Bonds as of April 1, 2025, is set forth below:

Average Income of Borrowers	\$57,817
Average Household Size	2.58
Average Age of Borrowers.....	38.87
Average Original Principal Amount of Mortgage Loans	\$216,001
Average Purchase Price of Properties.....	\$251,789
Type of Properties	
Single Family	79.87%
Condominiums	9.00%
Other.....	11.13%

Information as of April 1, 2025, relating to the insurance of Mortgage Loans financed or acquired with the proceeds of Bonds is set forth below:

<u>Insurer or Guarantor</u>	<u>Outstanding Principal Amount</u>	<u>Percent of Total</u>
Uninsured	\$404,576,748	42.29%
FHA	399,118,237	41.72
RHS	114,240,691	11.94
VA	37,350,261	3.90
Private Mortgage Insurance ⁽¹⁾	1,467,515	0.15
Total	<u>\$956,753,452</u>	<u>100.00%</u>

⁽¹⁾ Rounded for sum of components to equal the total outstanding principal amount.

The Department makes no representation regarding the financial condition of any Private Mortgage Insurer or its ability to make full and timely payment of claims made by the Department on Mortgage Loans. If such claims are not paid in full on a timely basis, the Department may experience losses on Mortgage Loans in default or in foreclosure. The financial strength ratings of Private Mortgage Insurers, including the Private Mortgage Insurers currently providing Mortgage Pool Insurance to the Department, have been under review by Moody's (defined below) as a result of disruptions in the housing market. Many of these Private Mortgage Insurers have had ratings downgrades or other negative adjustments.

Certain Information Relating to Outstanding Guaranteed Mortgage Securities

The following table sets forth certain information regarding the Guaranteed Mortgage Securities purchased with the proceeds of Bonds as of April 1, 2025:

<u>Type of Guaranteed Mortgage Security</u>	<u>Pool Number</u>	<u>Pass-Through Interest Rate</u>	<u>Original Par Amount[†]</u>	<u>Par Amount Outstanding[†]</u>	<u>Maturity Date</u>
FHLMC	QX6465	4.905%	\$ 569,179	\$568,478	January 1, 2055
FHLMC	QX6466	5.155	350,841	350,482	January 1, 2055
FHLMC	QX6467	5.280	239,761	239,115	January 1, 2055
FHLMC	QX7691	5.280	250,399	250,399	January 1, 2055
FHLMC	QX7697	5.405	277,729	277,729	February 1, 2055
FHLMC	QX7700	5.530	399,623	399,623	January 1, 2055
FHLMC	QX9062	5.280	349,851	349,851	February 1, 2055
FHLMC	QX9063	5.405	367,142	367,142	February 1, 2055
FHLMC	QX9064	5.530	977,413	977,413	February 1, 2055
FNMA	DD0377	5.500	373,095	372,739	January 1, 2055
FNMA	DD0378	5.000	431,798	431,345	January 1, 2055
FNMA	DD0379	4.875	745,271	744,171	February 1, 2055

Type of Guaranteed Mortgage Security	Pool Number	Pass-Through Interest Rate	Original Par Amount[†]	Par Amount Outstanding[†]	Maturity Date
FNMA	DD0380	5.250%	\$ 267,733	\$ 267,465	January 1, 2055
FNMA	DD3198	4.875	218,750	218,750	January 1, 2055
FNMA	DD3199	5.250	364,518	364,518	February 1, 2055
FNMA	DD3200	5.375	910,567	910,567	February 1, 2055
FNMA	DD3201	5.500	193,630	193,630	January 1, 2055
FNMA	DD3237	4.875	324,902	324,902	January 1, 2055
FNMA	DD3238	5.375	812,769	812,769	February 1, 2055
FNMA	DD3239	5.500	708,531	708,531	February 1, 2055
GNMA	CY6011	7.000	2,016,481	1,991,711	November 20, 2053
GNMA	DI1065	5.500	2,327,737	2,325,387	February 20, 2055
GNMA	DI1066	5.000	2,673,570	2,670,344	January 20, 2055
GNMA	DI5470	5.500	3,618,414	3,618,414	February 20, 2055
GNMA	DJ0127	5.500	2,940,927	2,940,927	March 20, 2055
Total			\$22,710,631	\$22,676,402	

[†] Amounts shown represent the par amount of Guaranteed Mortgage Securities, not the fair market value.

Certain Information Relating to Mortgage Loan Delinquencies and Foreclosures

The information under this subheading applies *only* to Mortgage Loans and *not* to Underlying Loans.

Each Approved Servicer must take such appropriate action with respect to delinquencies as is required by FHA, VA or RHS, or such actions as it would take with respect to loans serviced for others or held for its own account. The Approved Servicer has discretion to grant appropriate relief in the form of liquidation plans, special forbearance relief and modifications. A liquidation agreement may be entered into which gives the borrower a definite period in which to bring the Mortgage Loan current by immediately commencing payment in excess of the regular monthly installments. A special forbearance agreement may be entered into which reduces or suspends the regular monthly installments for a specified period of time. A modification agreement may be formulated which effects modifications of the Mortgage Loan repayment provisions, including an extension of the original maturity date. Approval by the Department is required for any special forbearance agreement or modification agreement.

The Approved Servicer must promptly notify the Department upon becoming aware of any prior lien that has attached or will attach to the property securing a Mortgage Loan and upon becoming aware of any bankruptcy, probate proceeding or the like against the borrower or the borrower's estate. No sooner than the 90th day following the due date of the earliest unpaid installment on the Mortgage Loan, the Approved Servicer must recommend appropriate action to the Department. Should foreclosure be necessary and allowed under applicable law, the Approved Servicer is required to make a full report to the Department and undertake all necessary steps to accomplish such foreclosure pursuant to standards contained in the Procedural Guide.

Based on reports to the Department from Approved Servicers, the following tables set forth the foreclosures and delinquencies for Mortgage Loans financed or acquired by the Department under the Program:

Percent of Mortgage Loans with Installments Past Due

<u>As of</u>	<u>Total</u>[†]	<u>30 Days</u>	<u>60 Days</u>	<u>90 Days or More</u>	<u>In Foreclosure</u>
June 30, 2023	4.15%	0.79%	0.56%	2.80%	1.07%
September 30, 2023	4.12	1.29	0.60	2.23	0.91
December 31, 2023	4.19	1.36	0.63	2.20	1.00
March 31, 2024	3.34	1.03	0.51	1.80	0.87
June 30, 2024	3.65	1.40	0.52	1.73	0.69
September 30, 2024	3.93	1.36	0.55	2.02	0.67
December 31, 2024	4.13	1.43	0.52	2.18	0.78
March 31, 2025	4.55	1.30	0.74	2.51	0.97

[†] Includes delinquent loans and loans in foreclosure.

Percent of Mortgage Loans in the Process of Foreclosure

<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
0.78%	1.00%	0.88%	0.13%	0.51%	0.81%

The statistics for delinquencies are based on reports prepared as of the last day of each month by the Department. The statistics for foreclosures are based on such reports prepared as of December 31st of each year.

Prior to or during the process of foreclosure, the Department attempts to work out a plan to enable the mortgagor to become current in payment on a mortgage loan within a reasonable period of time. As of April 1, 2025, title to 682 properties have been conveyed to, and payment in the full amount of the Mortgage Loans has been received by the Department from FHA. In addition to these 682 properties, the Department has completed foreclosure proceedings and sales of 557 properties that were not FHA insured. The Department expects to market one property for sale that is not insured by FHA.

Under current State law, (1) certain mortgagees (including the Department) seeking to foreclose, whether non-judicial or judicial, a residential deed of trust must enter into mediation with the mortgagor for the purpose of negotiating a foreclosure avoidance measure, and (2) no foreclosure sale may occur less than 30 days for judicial foreclosures and 120 days for nonjudicial foreclosures after the date on which the mortgagee notifies the mortgagor of mortgagee's determination that (a) the mortgagor is not eligible for any foreclosure avoidance measure or (b) the mortgagor has failed to comply with the terms of any foreclosure avoidance measure that has been agreed to. Foreclosure avoidance measures include deferring or forbearing one or more payments due on the mortgage loan, modifying the payment or other terms of the mortgage loan, accepting a deed-in-lieu of foreclosure from the mortgagor, conducting a short sale of the mortgaged property, or providing other assistance to the mortgagor to avoid foreclosure. Laws governing foreclosure and related matters are subject to change by the Legislative Assembly.

Prepayments

The information under this subheading applies *only* to Mortgage Loans and *not* to Underlying Loans.

Mortgage Loans made or purchased by the Department permit partial or complete prepayment without penalty. Such Mortgage Loans may also be terminated prior to their respective final maturities as a result of events such as default, sale, condemnation or casualty loss. A number of factors, including general economic conditions, homeowner mobility and mortgage market interest rates, will affect the rate of actual prepayments for a particular portfolio of mortgage loans. Therefore, it is difficult to predict prepayments for Mortgage Loans financed under the Indenture from available data about other pools of mortgage loans.

One source of information with respect to prepayments is published by FHA based on its nationwide experience relating to 30-year single-family mortgage loans insured under Section 203(b) of the National Housing Act of 1934 since 1970. Such mortgage loans were issued at various interest rates and were not made primarily to persons or families of limited income. The most recent national statistics published by FHA as of June 30, 1991 indicate that, while some mortgage loans remain outstanding until scheduled maturity, mortgage loans have had an average life of approximately 11.1 years. Many factors may cause the Department's experience relating to Mortgage Loans financed under the Indenture to be different from the statistics published by FHA, including the eligibility under the Indenture of Mortgage Loans which are not insured by FHA, the demographics of the State as compared to the nation as a whole, different conditions for the assumption of Mortgage Loans as compared to mortgage loans insured by FHA in general and lower interest rates for Mortgage Loans as compared to mortgage loans originated at the same time which bear conventional market interest rates.

Amounts Available to Purchase Mortgage Loans and Guaranteed Mortgage Securities

As of April 1, 2025, the following amounts relating to prior Series of Bonds were available in Acquisition Subaccounts to purchase Mortgage Loans and Guaranteed Mortgage Securities:

<u>Series of Bonds</u>	<u>Date of Issuance</u>	<u>Mortgage Loan and Underlying Loan Interest Rate Range</u>	<u>Amount Available to Purchase Mortgage Loans and Guaranteed Mortgage Securities</u>	<u>Amount Committed for Purchasing Mortgage Loans and Guaranteed Mortgage Securities</u>	<u>Amount Available for Commitment</u>
2024 AB	May 22, 2024	5.375 – 7.125%	\$ 26,830,185	\$ 26,830,185	\$ -
2024 C	November 20, 2024	5.375 – 7.125%	84,295,975	84,295,975	-
			<u>\$111,126,160</u>	<u>\$111,126,160</u>	<u>\$ -</u>

Following the issuance of the Offered Bonds and certain replacements described above, the Department expects to have approximately \$95,000,000* from the proceeds of the Offered Bonds available to finance newly-originated Underlying Loans with estimated interest rates ranging from 6.00% to 6.625% pooled into Guaranteed Mortgage Securities with pass-through rates ranging from 5.500% to 6.000%, and to provide down payment and/or closing costs assistance. The Department changes interest rates to reflect changing market conditions and changing program objectives. Newly-originated Underlying Loans backing Guaranteed Mortgage Securities are expected to have an original term of 30 years and equal monthly payments of principal and interest. All newly-originated Guaranteed Mortgage Securities to be purchased with funds made available upon the issuance of the Offered Bonds are expected to be originated by November 1, 2025.* The Department has not redeemed any Bonds of any Series from the unexpended proceeds of the related Series of Bonds resulting from the non-origination of Mortgage Loans or failure to purchase Guaranteed Mortgage Securities since 1996.

Outstanding Mortgage Revenue Bonds

The following table shows the principal amounts of Bonds which have been issued and were Outstanding as of April 1, 2025:

<u>Series of Bonds</u>	<u>Dated</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>	<u>Coupon Rates (%)</u>
2013 Series A.....	June 12, 2013	\$21,885,000	\$ 3,820,000	2043	3.500-4.050
2013 Series D.....	November 20, 2013	33,225,000	2,535,000	2028	4.200
2013 Series F	November 20, 2013	8,335,000	4,445,000	2033	3.900
2014 Series A.....	May 29, 2014	57,710,000	13,780,000	2033	3.150-3.875
2014 Series C.....	December 18, 2014	30,900,000	8,170,000	2038	2.900-3.750
2016 Series A.....	May 31, 2016	56,275,000	1,110,000	2047	4.000

* Preliminary, subject to change.

<u>Series of Bonds</u>	<u>Dated</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>	<u>Coupon Rates (%)</u>
2016 Series B ⁽²⁾	May 31, 2016	\$13,140,000	\$13,140,000	2033	Variable
2016 Series C ⁽²⁾	May 31, 2016	15,000,000	15,000,000	2037	Variable
2017 Series A.....	May 25, 2017	81,510,000	7,795,000	2047	4.000
2017 Series C ⁽²⁾	May 25, 2017	44,000,000	38,265,000	2039	Variable
2017 Series D.....	October 12, 2017	87,390,000	31,565,000	2048	2.150-3.500
2017 Series E.....	October 12, 2017	22,775,000	2,175,000	2040	3.500
2017 Series F	December 28, 2017	11,440,000	6,450,000	2048	3.650-3.750
2017 Series G.....	December 28, 2017	43,730,000	11,945,000	2040	3.450-4.000
2017 Series H.....	December 28, 2017	16,105,000	9,635,000	2028	2.400-2.800
2018 Series A.....	June 5, 2018	62,590,000	20,455,000	2049	2.800-4.500
2018 Series B	June 5, 2018	30,000,000	16,080,000	2043	2.900
2018 Series C.....	September 25, 2018	87,420,000	33,505,000	2049	2.550-4.500
2018 Series D.....	December 19, 2018	82,885,000	27,480,000	2050	2.850-4.750
2019 Series A	September 19, 2019	99,000,000	67,610,000	2050	1.500-4.000
2020 Series A	June 11, 2020	47,905,000	24,765,000	2051	1.150-3.500
2020 Series B ⁽¹⁾	June 11, 2020	24,500,000	24,500,000	2037	Variable
2020 Series C.....	December 15, 2020	60,000,000	48,590,000	2052	0.600-3.000
2021 Series A	August 31, 2021	99,000,000	89,900,000	2052	0.500-3.000
2022 Series A	April 27, 2022	77,900,000	72,435,000	2051	2.350-4.000
2022 Series B	April 27, 2022	7,000,000	3,000,000	2026	3.300-3.400
2022 Series C	October 27, 2022	24,810,000	21,960,000	2053	4.709-5.501
2022 Series D ⁽³⁾	October 27, 2022	21,000,000	21,000,000	2047	Variable
2023 Series A.....	May 11, 2023	40,005,000	37,565,000	2053	4.200-5.500
2023 Series B.....	May 11, 2023	11,210,000	11,210,000	2036	4.724-5.482
2023 Series C.....	September 28, 2023	127,665,000	125,445,000	2053	5.295-6.250
2024 Series A.....	May 22, 2024	38,690,000	38,640,000	2053	3.350-6.500
2024 Series B.....	May 22, 2024	42,205,000	42,205,000	2054	4.996-6.105
2024 Series C.....	November 20, 2024	89,325,000	89,325,000	2054	3.200-6.500
2024 Series D ⁽¹⁾	November 20, 2024	41,000,000	41,000,000	2043	Variable
2024 Series E ⁽¹⁾	November 20, 2024	33,600,000	33,600,000	2045	Variable
Total.....		<u>\$1,691,130,000</u>	<u>\$1,060,100,000</u>		

- (1) Liquidity provided by Sumitomo Mitsui Banking Corporation, acting through its New York Branch, expiring on January 27, 2027 (with respect to 2020 Series B) and November 19, 2029 (with respect to 2024 Series D and 2024 Series E), respectively. Sumitomo Mitsui Banking Corporation, acting through its New York Branch, has received a long-term rating of A1 and a short-term rating of P-1, and a Counterparty Risk Assessment of A1(cr) / P-1(cr), from Moody's. Such ratings are as of the date of this Official Statement. The Department undertakes no responsibility for updating the aforementioned ratings subsequent to such date.
- (2) Liquidity provided by State Street Bank and Trust Company expiring on January 26, 2027 (with respect to 2016 Series B, 2016 Series C and 2017 Series C). State Street Bank and Trust Company has received a long-term rating of Aa1 and a short-term rating of P-1, and a Counterparty Risk Assessment of Aa1(cr) / P-1(cr), from Moody's. Such ratings are as of the date of this Official Statement. The Department undertakes no responsibility for updating the aforementioned ratings subsequent to such date.
- (3) Liquidity provided by U.S. Bank National Association expiring on October 27, 2027. U.S. Bank National Association has received a long-term rating of A1 and a short-term rating of P-1, and a Counterparty Risk Assessment of A1 (cr) / P-1(cr), from Moody's. Such ratings are as of the date of this Official Statement. The Department undertakes no responsibility for updating the aforementioned ratings subsequent to such date.

Outstanding Qualified Hedges

The Department has entered into Qualified Hedges relating to certain prior Series of Bonds. See APPENDIX G – “Summary of Certain Provisions of the Indenture – Qualified Hedges” hereto. The following table sets forth information about the outstanding Qualified Hedges as of April 1, 2025. See Note 10 to the Financial Statements of the Department in APPENDIX B hereto.

<u>Series of Bonds</u>	<u>Notional Amount</u>	<u>Fixed Rate Payable</u>	<u>Variable Rate Receivable ⁽¹⁾</u>	<u>Hedge Provider</u>	<u>Expiration Date</u>	<u>Hedge Provider Rating ⁽²⁾</u>
2016 Series B	\$13,140,000	1.710%	66.5% of SOFR + .1561292	RBC ⁽³⁾	January 1, 2033	Aa1
2016 Series C	15,000,000	2.000	66.5% of SOFR + .2261292	RBC ⁽³⁾	July 1, 2037	Aa1
2017 Series C	42,545,000	2.407	70.0% of SOFR + .130136	BofA ⁽⁴⁾	July 1, 2039	Aa2
2020 Series B	24,500,000	0.899	100% of SIFMA ⁽⁶⁾	RBC ⁽³⁾	July 1, 2037	Aa1
2022 Series D	21,000,000	4.417	100% of SOFR + .15	RBC ⁽³⁾	July 1, 2047	Aa1
2024 Series D	41,000,000	1.120	100% of SIFMA ⁽⁵⁾	BofA ⁽⁴⁾	July 1, 2043	Aa2
2024 Series E	33,600,000	2.751	70.0% of SOFR + .130136	RBC ⁽³⁾	July 1, 2045	Aa1

(1) The Department and related swap counterparties have adhered to the International Swaps and Derivatives Association’s 2020 IBOR Fallbacks Protocol, pursuant to which each LIBOR-based variable rate receivable with respect to hedges related to, 2016 Series B, 2016 Series C, 2017 Series C and 2024 Series E was replaced with a SOFR-based variable rate following June 30, 2023.

(2) Ratings by Moody’s. Such ratings are as of the date of this Official Statement. The Department undertakes no responsibility for updating the aforementioned ratings subsequent to such date.

(3) Royal Bank of Canada.

(4) Bank of America, N.A, which is an affiliate of BofA Securities, Inc., one of the Underwriters of the Offered Bonds.

(5) On January 1, 2028, this hedge converts to receiving 70% of SOFR + 0.080136%.

(6) On July 1, 2026, this hedge converts to receiving 70% of SOFR + 0.080136%.

The Department may enter into Qualified Hedges in the future with respect to other prior Series of Bonds, or in connection with the issuance of additional Series of Bonds, which bear interest at variable rates. Pursuant to each Qualified Hedge, the Department will pay interest to the related Hedge Provider at a fixed rate and will receive interest from such Hedge Provider at a variable rate that is typically based on an index such as the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York (“SOFR”) or SIFMA. The amount of interest due on a Series of Bonds during a time period will differ from the amount of interest paid by the related Qualified Hedge. The Owners of the Bonds do not have any rights under any Qualified Hedge or against any Hedge Provider.

OTHER HOUSING FINANCE PROGRAMS OF THE DEPARTMENT

The Department is the only statewide public body in Oregon serving as a central source of data and program information, training and education, planning and technical assistance, seed-money loans, mortgage financing and federal tax credits relating to housing within the State.

In order to increase the supply of funds available for mortgage loans in the State, the Department has implemented various programs which have been financed through the issuance of bonds and notes of the State.

Multifamily Housing Program

In 1996, the Department initiated a multifamily housing program to provide mortgage loans for construction and permanent financing for developments that primarily contain housing units within the State for persons or families of lower income. Mortgage loans financed for this purpose must be insured by FHA, secured by a credit facility or used to finance certain mortgage-backed securities. As of April 1, 2025, the State has issued \$310,400,000 principal amount of bonds in 18 series under this program.

Elderly and Disabled Housing Program

A constitutional amendment approved by the voters in 1978 and further amended in 1982 authorized the financing of elderly housing and residential facilities for elderly households, disabled persons and their family members, through the issuance of general obligation bonds of the State. The Department is responsible for the administration of this program and, as of April 1, 2025, has issued 45 series of bonds in the original aggregate principal amount of \$589,005,000 to provide permanent financing for rental housing developments under this program. As of April 1, 2025, 355 developments containing a total of 7,091 units in apartments, assisted living, congregate care and residential care facilities, group care and other specialized housing have received permanent financing.

Housing Development Program

In 2000, the Department initiated a multifamily housing program to provide financing for developments in which a portion of the housing units are for persons and families of lower income. Each bond issue finances a single multifamily development separately secured by revenues and assets specifically pledged thereto. As of April 1, 2025, the State has issued 340 series of bonds in the original aggregate principal amount of \$3,498,545,349, pursuant to this program.

Other Programs

In addition to its bond and note programs, the Department also acts as the State's tax credit agency to distribute federal tax credits through two programs for homeownership and rental housing and to certify rental housing projects for a State tax credit program. *The Mortgage Credit Certificate Program* provides a federal tax credit for low and moderate income home buyers in connection with private financing to purchase, improve, or rehabilitate single-family residences, and the *Low-Income Housing Tax Credit Program* provides federal income tax credits to developers who construct, rehabilitate, or acquire qualified low-income rental housing. Under *the Oregon Affordable Housing Tax Credit Program* the Department has the authority to certify tax credits to compensate lending institutions for financing certain housing projects at up to 4% below the current market rate of interest for lower income tenants for a period of up to 20 years.

TBA Program

Under Flex Lending, in addition to the production of Guaranteed Mortgage Securities, mortgage loans may be packaged by the Master Servicer to underlie mortgage-backed securities to be sold by the Department in the "to-be-announced" ("TBA") market. As of April 1, 2025, the Department had completed the sale and settlement of \$108,428,870 of mortgage-backed securities through the TBA market and had commitments to settle and deliver approximately \$5,630,089 of such mortgage-backed securities. Sales of mortgage-backed securities by the Department in the TBA market may adversely affect the amount and timing of origination of Guaranteed Mortgage Securities. Depending upon then-current interest rates of mortgage loans and mortgage-backed securities and other factors, it may become more advantageous for the Department to sell mortgage-backed securities in the TBA market than to acquire Guaranteed Mortgage Securities with proceeds of Bonds.

OTHER OUTSTANDING INDEBTEDNESS

The following table shows the principal amounts of bonds outstanding under the Department's Multifamily Housing Program and its Elderly and Disabled Housing Program as of April 1, 2025:

<u>Title</u>	<u>Dated</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>	<u>Final Maturity</u>
Multifamily Housing Revenue Bonds				
2004 Series A	September 9, 2004	\$ 5,120,000	\$ 3,520,000	2045
2005 Series A	August 30, 2005	9,855,000	285,000	2046
2006 Series A	December 19, 2006	5,680,000	1,075,000	2036
2010 Series A	August 25, 2010	77,705,000	2,795,000	2042
2010 Series B	November 9, 2010	16,425,000	7,930,000	2052
2012 Series A	October 31, 2012	1,425,000	635,000	2032
2012 Series B	October 31, 2012	35,335,000	1,485,000	2043
Total		<u>\$151,545,000</u>	<u>\$17,725,000</u>	
Elderly and Disabled Housing Bonds ⁽¹⁾				
1993 Series C	December 16, 1993	\$ 13,915,000	\$ 405,000	2026
1994 Series B	September 29, 1994	24,400,000	5,000	2026
1995 Series A	June 27, 1995	14,100,000	10,000	2026
1995 Series B	December 20, 1995	24,240,000	575,000	2027
1997 Series A	September 30, 1997	8,475,000	5,000	2028
1998 Series B	October 27, 1998	10,285,000	5,000	2030
1999 Series B	May 20, 1999	4,485,000	5,000	2030
1999 Series E	November 4, 1999	19,105,000	10,000	2031
2001 Series C	August 29, 2001	25,325,000	5,000	2029
2002 Series C	October 29, 2002	13,595,000	985,000	2043
2003 Series C	October 30, 2003	2,930,000	5,000	2034
2007 Series A	April 24, 2007	26,300,000	15,910,000	2048
Total		<u>\$187,155,000</u>	<u>\$17,925,000</u>	

⁽¹⁾ General obligation bonds of the State for multifamily housing for elderly and disabled persons.

In addition, the Department has issued bonds under its Housing Development Program as described under "OTHER HOUSING FINANCE PROGRAMS OF THE DEPARTMENT – Housing Development Program" above.

TAX MATTERS

Series A Bonds

General. The requirements of applicable federal tax law must be satisfied with respect to the Series A Bonds in order that interest on the Series A Bonds not be included in gross income for federal income tax purposes retroactive to the date of issuance thereof.

Section 143 Requirements. Certain requirements contained in Section 143 of the Code, described above under "THE PROGRAM – Requirements of Section 143 of the Code Relating to Certain Mortgage Loans and Underlying Loans," will be generally applicable to the Underlying Loans financed with proceeds of, or allocable to, the Series A Bonds.

The State has included provisions in the Indenture, the Procedural Guide, the Program Loan Purchase Agreement and other relevant documents, and has established procedures (including receipt of certain affidavits and warranties from Mortgage Lenders, borrowers and others respecting the mortgage eligibility requirements) in order to ensure compliance with the applicable requirements of Sections 143 and 148 of the Code, including the mortgage

eligibility requirements, the requirements to correct any failure to comply with the mortgage eligibility requirements and the requirements relating to non-mortgage investments as described under “THE PROGRAM” herein. The State has covenanted in the Indenture to take all actions which are necessary to comply with the applicable mortgage eligibility requirements of the Code and the applicable arbitrage limitations of Sections 143 and 148 of the Code and for such purpose, to adopt and maintain appropriate procedures. The State believes that the procedures and documentation requirements established for the purpose of fulfilling this covenant are sufficient to ensure that the proceeds of, or allocable to, the Series A Bonds will be applied in accordance with the applicable requirements of Sections 143 and 148 of the Code so that interest on the Series A Bonds will not be included in gross income for purposes of federal income taxation. In the opinion of Bond Counsel, the procedures that have been established in the Indenture, the Procedural Guide and other relevant Program documents are sufficient, if followed by the State, to comply with the applicable requirements of the Code, and Bond Counsel has assumed therefore that such procedures will continue to be carried out and that such Indenture covenant will be complied with by the State in rendering its opinions described below as to federal income tax exemption.

Opinion of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Department, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Series A Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax under the Code; *however*, interest on the Series A 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 opinions, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Department in connection with the Series A Bonds, and Bond Counsel has assumed compliance by the Department with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Series A Bonds is exempt from personal income taxes imposed by the State.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Series A Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its 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 expresses 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 expresses 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 A Bonds.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series A Bonds in order that interest on the Series A 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 A 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 A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The Department has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral federal income tax matters with respect to the Series A Bonds under existing statutes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series A 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 a Series A Bond.

Prospective owners of the Series A 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, and individuals otherwise eligible for the earned income tax credit and to 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 Series A 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.

Original Issue Discount. “Original issue discount” (“**OID**”) is the excess of the sum of all amounts payable at the stated maturity of a Series A Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Series A Bonds. In general, the issue price for each maturity of the Series A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series A Bonds having OID (a “**Discount Bond**”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Series A Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium. In general, if an owner acquires a Series A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series A Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Series A Bond (a “**Premium Bond**”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a 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 lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Series A 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 a Series A 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 Series A 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.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of interest on the Series A Bonds under federal or state law or otherwise prevent beneficial owners of the Series A 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) or such decisions could affect the market price or marketability of the Series A Bonds.

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

Series B Bonds

General. The following discussion is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Series B Bonds by original purchasers of the Series B Bonds who are “U.S. Holders” (defined below). This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series B Bonds will be held as “capital assets”; and (iii) 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, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series B Bonds as a position in a “hedge” or “straddle,” U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers who are required to prepare certified financial statements and file such financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series B 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. In addition, interest on the Series B 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.

Holders of Series B 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 Series B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Opinion of Bond Counsel. In the opinion of Bond Counsel to the Department, interest on the Series B Bonds (i) is included in gross income for federal income tax purposes pursuant to the Code and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State.

Original Issue Discount. In general, if OID is greater than a statutorily-defined *de minimis* amount, a U.S. Holder of a Series B 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 Series B 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 Series B 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 Series B 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 percent of the Series B 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 a Series B Bond using the constant yield method, subject to certain modifications.

Bond Premium. In general, if a Series B Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series B 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 a Series B 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 Series B Bond.

The Department may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series B Bonds to be deemed to be no longer Outstanding under the Indenture (a “**defeasance**”). (See APPENDIX G – “Summary of Certain Provisions of the Indenture” herein). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series B Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series B Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series B Bond and the proceeds of the sale of a Series B Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Series B Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes overwithholding, would be allowed as a refund or a credit against such beneficial owner’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 a Series B 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.

Miscellaneous. 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 Series B Bonds under state law and could affect the market price or marketability of the Series B Bonds.

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

ABSENCE OF LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Offered Bonds or in any way contesting or affecting the validity of the Offered Bonds or any proceedings of the State taken with respect to the issuance and sale thereof, the pledge or application of any moneys or securities provided for the payment of the Offered Bonds or the existence or powers of the State insofar as they relate to the authorization and sale of the Offered Bonds or such pledge or application of moneys and securities.

APPROVAL OF LEGALITY

Legal matters incident to the authorization, issuance, sale and delivery of the Offered Bonds are subject to the approval of Hawkins Delafield & Wood LLP, Portland, Oregon and New York, New York, Bond Counsel to the Department, whose approving opinion will be delivered with the Offered Bonds in substantially the form set forth in APPENDIX H hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Kutak Rock LLP, Omaha, Nebraska, and for the Department by the Oregon Department of Justice, Salem, Oregon.

FINANCIAL STATEMENTS

The audited financial statements of the Oregon Housing and Community Services Department as of and for the fiscal year ended June 30, 2024, together with the independent auditor's report dated October 28, 2024, of the Office of the Secretary of State, Audits Division, are included as APPENDIX B hereto.

CERTAIN INFORMATION RELATING TO INVESTMENTS

The State Treasurer invests moneys held on behalf of State agencies, including the Department, and participating local governments through two pooled investment vehicles or through separate accounts with guidelines specific to each agency's investment needs. Such guidelines are subject to change from time to time. Some of the agency moneys invested by the State Treasurer are bond proceeds pending disbursement or moneys held for bond debt service. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (the "OIC"). The OIC, created by a 1965 legislative act, establishes investment policies for all State funds. The State Treasurer is responsible for implementing those policies. The Governor appoints four of the OIC's five voting members, who are subject to confirmation by the Oregon Senate. The State Treasurer serves by statute. The State Treasurer pooled investment vehicles for State moneys are the statutory Oregon Short Term Fund (the "OSTF") and the internally established Oregon Intermediate Term Pool (the "OITP").

Prior to transfer to the Trustee, Revenue Account funds received as payments on Mortgage Loans are held on deposit in accounts of the State Treasury that are invested in the OSTF. Revenue Account funds are not invested in the OITP. Funds in other Accounts established by or pursuant to the Indenture are not invested in the OSTF or OITP. No amounts in the OSTF, the OITP, or any other fund or account of the State Treasurer, provide any security for the Bonds.

The OSTF is a short-term cash investment vehicle created by statute to invest State agency and Oregon local government moneys. The OSTF is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer manages the OSTF within guidelines established by the OIC, with advice from and in consultation with, the OSTF Board. Primary investment objectives established for the fund are, in order of priority: preservation of principal, liquidity and yield. As of December 31, 2024, the OSTF totaled approximately \$36.2 billion.

The current OSTF guidelines require at least 50% of the portfolio to mature or re-price within 93 days; no more than 25% of the portfolio may have a maturity longer than one year; and no investments may have a maturity longer than three years as measured from the settlement date of the initial transaction. Maturity dates are calculated using proxies permitted by OIC-approved policy for securities that have been called, securities with a put option, variable-rate securities and Asset-Backed securities. Total weighted average credit quality of the portfolio must be a minimum of AA or Aa2 by S&P Global Ratings, or Moody's Investors Services, respectively. The current OSTF guidelines allow the following (subject to change at any time):

<u>Issue Type</u>	<u>Maximum Holdings % or \$</u>	<u>Minimum Ratings S&P/Moody's/Fitch</u>
U.S. Treasury Obligations (1)	100%	None
U.S. Agency Securities (1) Per Issuer	100% 33%	None None
Foreign Government & Instrumentalities (1) Per Issuer	25% 10%	AA-/Aa3/AA-
Corporate Securities (Total) Corporate Bonds Commercial Paper (2) Per Issuer	50% 50% 50% 5%	A-/A3/A- A-1/P-1/F-1
Asset-Backed Securities Per Issuing Trust	25% 5%	AAA/Aaa/AAA A-1+/P-1/F-1+
Negotiable Certificates of Deposit Per Issuer	20% 5%	A-1/P-1/F-1
Bankers' Acceptances Per Issuer	20% 5%	A-1/P-1/F-1
Time Certificates of Deposit (3) Per Issuer	20% 5%	None
Municipal Debt (Total) Municipal Commercial Paper Short Term Municipal Obligations Per Issuer	25% 25% 25% 10%	AA-/Aa3/AA- A-1/P-1/F-1 SP-1/(V)MIG1/F-1
Repurchase Agreements (4) Per Counterparty	100% 5%	None
Reverse Repurchase Agreements (5) Per Counterparty	100% 5%	None
Oregon Local Government Intermediate Fund ("OLGIF")	\$250 Million	A-/A3/A-

- (1) Securities guaranteed by the U.S. Treasury, a U.S. Agency or a Foreign Government or its Instrumentality will be considered a U.S. Treasury, a U.S. Agency or a Foreign Government or its Instrumentality for the purposes of this policy.
- (2) Commercial Paper (CP) must have top-tier short-term ratings by at least two of the nationally recognized statistical rating organizations (NRSROs) at the time of purchase.
- (3) Permitted Time Certificates of Deposit (TCDs) will be limited to qualified depositories meeting the requirements of ORS 295.008. Maximum TCD exposure per depository must be no more than 5% of the issuing bank's total deposits, or \$250,000, whichever is greater. Maximum credit union exposure per depository shall be \$250,000.
- (4) Repurchase Agreements (Repos) must have a maximum maturity of 90 days, be with counterparties with net capital greater than \$100 million, Repos must equal no more than 2% of a counterparty's liabilities, counterparties must be a Primary Dealer as recognized by the Federal Reserve Bank or the State Treasurer's custodial agent and have a signed agreement, collateral for repurchase agreements may be U.S. Treasury or U.S. Agency Discount and Coupon securities with a final maturity of three years or less and the market value of the delivered collateral must be maintained at not less than 102% of the cash invested.
- (5) Reverse Repurchase Agreements must have a maximum maturity of 93 days, counterparties must be a Primary Dealer as recognized by the Federal Reserve Bank and have a signed repurchase agreement. Acceptable reinvestment vehicles include securities that may otherwise be purchased outright. Securities will be reversed on a fully collateralized basis; and reverse repurchase investments for interest rate arbitrage can only be done on a matched book basis.

The State's custodian, State Street Bank and Trust Company, periodically lends securities in the OSTF to primary dealers, as recognized by the Federal Reserve Bank, on a fully collateralized basis.

SECONDARY MARKET DISCLOSURE

The State, acting by and through the State Treasurer and the Department, is entering into an undertaking (the "**Continuing Disclosure Certificate**") for the benefit of the holders of the Offered Bonds to send certain financial information and operating data annually and to provide notice of certain events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12). A copy of the proposed form of the Continuing Disclosure Certificate for the Offered Bonds is contained in APPENDIX D hereto.

During the past five years, there have been instances where the nine-digit CUSIP numbers of Bonds were inadvertently not linked to filings of the Department's annual financial information. The Department has taken action to correct such filings and on all future filings that apply to all Bonds will file by six-digit CUSIP numbers to ensure that individual nine-digit CUSIP numbers are not inadvertently excluded.

RATING

The Offered Bonds are rated Aa2 by Moody's Ratings ("**Moody's**"). Such rating reflects only the views of Moody's and is not a recommendation to buy, sell or hold the Offered Bonds. An explanation of the significance of such rating may be obtained from Moody's. There is no assurance that such rating will be maintained for any given period of time or may not be raised, lowered, suspended or withdrawn entirely by Moody's, if in its judgment, circumstances warrant. Any such downward change in or suspension of or withdrawal of such rating may have an adverse effect on the market price of the Offered Bonds.

The Department undertakes no responsibility for updating the ratings set forth in this Official Statement except the rating of the Offered Bonds set forth in the immediately preceding paragraph. See "SECONDARY MARKET DISCLOSURE" above and APPENDIX D hereto. Unless otherwise specified herein, all ratings are as of the date of this Official Statement.

UNDERWRITING

The Offered Bonds are being purchased by Morgan Stanley & Co. LLC; J.P. Morgan Securities LLC; Jefferies LLC; BofA Securities, Inc.; Raymond James & Associates, Inc.; and Stern Brothers & Co. (collectively, the "**Underwriters**"). The Underwriters have jointly and severally agreed to purchase the Offered Bonds at a price of \$ _____. The Underwriters will receive an underwriting fee of \$ _____ with respect to their purchase of the Offered Bonds. The Bond Purchase Agreement with respect to the Offered Bonds provides that the Underwriters will purchase all of the Offered Bonds, if any are purchased, subject to certain terms and conditions set forth in such Bond Purchase Agreement. The initial public offering prices of the Offered Bonds may be changed, from time to time, by the Underwriters. The Underwriters may offer and sell the Offered Bonds to certain dealers (including dealers depositing the Offered Bonds into investment trusts) and certain dealer banks and banks acting as agents, at prices lower than the public offering prices stated on the inside cover page hereof.

Information Provided by the Underwriters

This paragraph was provided by Morgan Stanley & Co. LLC ("**Morgan Stanley**"), one of the Underwriters of the Offered Bonds. Morgan Stanley has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of

this arrangement, Morgan Stanley may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Offered Bonds.

This paragraph was provided by J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Offered Bonds. JPMS has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLP (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Offered Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Offered Bonds that such firm sells.

This paragraph was provided by BofA Securities, Inc. (“BofA”), one of the Underwriters of the Offered Bonds. BofA has entered into a distribution agreement with its affiliate, Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA 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 may compensate MLPF&S as a dealer for their selling efforts with respect to the Offered Bonds.

This paragraph was provided by the Underwriters. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates may have, from time to time, performed and may in the future perform, various investment banking services for the Department, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the 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) and financial instruments (which may include bank loans and/or credit default swaps) 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 Department.

The Underwriters have also provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement as it relates to the Offered Bonds in accordance with, and as part of their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE TRUSTEE

This section was provided by U.S. Bank Trust Company, National Association. The Department has appointed U.S. Bank Trust Company, National Association to serve as Trustee pursuant to the Indenture. U.S. Bank Trust Company, National Association is to carry out those duties assignable to it under the Indenture. Except for the contents of this section, U.S. Bank Trust Company, National Association has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information set forth in this Official Statement.

The Trustee has no oversight responsibility, and is not accountable, for the use or application by the Department of any of the Bonds authenticated or delivered pursuant to the Indenture or for the use or application of the proceeds of such Bonds by the Department. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

ADDITIONAL INFORMATION

Certain provisions of the Act and the Indenture are summarized in this Official Statement. Such summaries do not purport to be comprehensive or definitive and reference is made to such documents for a full and complete

statement of their respective provisions. The references to or summaries herein of the Act, the Indenture, the Bond Declaration and other documents relating to the Offered Bonds contained or referred to herein do not purport to be complete and reference is made to such documents for full and complete statements of their provisions. Copies, in reasonable quantity, of the Act, the Indenture and the Bond Declaration may be obtained upon request directed to the Oregon Housing and Community Services Department, 725 Summer Street NE, Suite B, Salem, Oregon 97301-1266 or, during the offering period, to the Underwriters c/o Morgan Stanley & Co. LLC, 1585 Broadway, 16th Floor, New York, NY 10036.

The information contained above is subject to change without notice, and no implication is to be derived therefrom or from the sale of the Offered Bonds that there has been no change in the affairs of the Department from the date hereof. Pursuant to the Indenture, the Department has covenanted to keep proper books of record and account in which full, true and correct entries will be made of all its dealings and transactions under the Indenture and to cause such books to be audited for each fiscal year. The Indenture requires that such books be open to inspection at all reasonable times by any Bondowners during regular business hours.

This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used in whole or in part, for any other purpose. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Department and the purchasers or owners of any of the Offered Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Department.

STATE OF OREGON

Elizabeth Steiner, MD

State Treasurer

By: _____
Jaime Alvarez
Director, Debt Management Division

**STATE OF OREGON HOUSING AND COMMUNITY
SERVICES DEPARTMENT**

By: _____
Caleb Yant
Deputy Director

May __, 2025

SUMMARY OF CERTAIN MORTGAGE INSURANCE AND SECURITY GUARANTY PROGRAMS

Introduction

The United States Department of Housing and Urban Development (“HUD”), created by the Housing and Urban Development Act of 1965, is responsible for the administration of various federal programs authorized under the National Housing Act of 1934, as amended (the “National Housing Act”), and the United States Housing Act of 1937, as amended. The Department of Veterans Affairs (“VA”) administers the mortgage guarantee program authorized under the Servicemen’s Readjustment Act of 1944, as amended (the “Servicemen’s Readjustment Act”). Title V of the Housing Act of 1949, as amended, along with similar subsequent legislation, permits the United States Department of Agriculture Rural Development (“RD”) to assist low- to moderate-income homebuyers in designated rural areas with obtaining mortgage loans by guarantying a portion of each mortgage loan (the “Single Family Housing Guaranteed Loan Program”). These programs may be financed by annual appropriations from Congress, as well as by mortgage insurance premiums and fees; subsidies and insurance payments are in some cases made from trust funds established under the various programs.

Following is a summary of such programs, and others, relating to mortgages which the Department intends to finance under the Single-Family Mortgage Program and is only a brief outline and does not purport to summarize or describe all of the provisions of such programs. For a more complete description of the terms of such programs, reference is made to the provisions of the contracts embodied in the regulations of the FHA, VA and RD, respectively, and of the regulations, master insurance contracts and other such information of the various private mortgage insurers and federal government guarantors.

Federal Housing Administration Mortgage Insurance Programs

The National Housing Act authorizes various Federal Housing Administration (“FHA”) mortgage insurance programs, which differ in some respects depending primarily upon whether the premises contain five or more dwelling units or less than five such units. Insurance benefits are payable upon foreclosure (or other acquisition of possession) and conveyance of the premises to HUD. Assignment of a defaulted loan to FHA is not permitted.

Under some of the FHA insurance programs, insurance claims are paid by FHA in cash unless the insured specifically requests payment in debentures issued by FHA. Under others, FHA has the option at its discretion to pay insurance claims in cash or in such debentures. The current FHA policy, subject to change at any time, is to make insurance payments on single family mortgage loans 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 payable semi-annually on January 1 and July 1 of each year at the FHA debenture interest rate in effect under FHA regulations on the date the FHA mortgage insurance commitment was issued or as of the date of the initial insurance endorsement of the mortgage loan, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance, the insurance payment is computed as of the date of the institution of foreclosure or the date of acquisition of the property whichever is earlier, and the insured generally is not compensated for 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 two-thirds of the mortgagee’s foreclosure costs. The regulations under all insurance programs described above provide that the insurance payment itself bears interest from the date of default by the mortgagor, which under HUD regulations will occur no less than 30 days after the due date of a mortgage payment to the date of payment of the claim at the same interest rate as the applicable HUD debenture interest rate determined in the manner set forth above.

When any property conveyed to FHA has been damaged by fire, earthquake, flood or tornado or the property has suffered damage due to failure of the mortgagee to make required inspections, it is required, as a condition to payment of an insurance claim, that such property be repaired by the mortgage lender prior to such conveyance. In some instances, when damage has resulted from failure of the mortgagee to inspect and preserve the property, FHA may deduct the amount of such damages from the insurance payment made by FHA.

The continuation of the availability of FHA mortgage insurance depends on periodic action by the United States Congress to increase the limitation on the aggregate amount of loan guarantees. Through legislative action by the United States Congress or changes in regulations by HUD, the fees and standards for participation in FHA insurance programs may change. The United States Congress has approved and may continue to approve modifications to the FHA insurance program, including increases in insurance premiums and limitations on the financing of fees and down payments. It is not possible to predict the effect of legislative or regulatory action, if any, on the ability of the Department to purchase Mortgage Loans or Guaranteed Mortgage Securities.

Department of Veterans Affairs Guarantee Program

The Servicemen's Readjustment Act permits a veteran (or in certain instances, the veteran's spouse and certain qualifying reservists) to obtain a loan guarantee by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit at interest rates permitted by the VA. The program has no mortgage loan limits, requires no down payment from the purchaser and permits the guarantee of mortgage loans with terms limited by the estimated economic life of the property, up to approximately 30 years.

The maximum VA mortgage loan guaranty under this program is the lesser of the veteran's "maximum amount of guaranty entitlement" and (a) for home and condominium loans up to \$45,000, 50% of the original principal amount of the loan; (b) for home and condominium loans over \$45,000 but not more than \$56,250, \$22,500; (c) for home and condominium loans over \$56,250 but not more than \$144,000, the lesser of \$36,000 or 40% of the original principal amount of the loan; (d) for home and condominium loans over \$144,000, 25% of the original principal amount of the loan; or (e) for manufactured home loans, the lesser of 40% of the original principal amount of the loan or \$20,000. The "maximum amount of guaranty entitlement" applies only to veterans who had previous VA-guaranteed loans with unreimbursed losses to VA and is (i) for loans described in clauses (a), (b) or (c) of the previous sentence, \$36,000 reduced by the amount of such losses, (ii) for loans described in clause (d) of the previous sentence, 25% of the Freddie Mac conforming loan limit, as adjusted, reduced by the amount of such losses and (iii) for loans described in clause (e) of the previous sentence, \$20,000 reduced by the amount of such losses.

The liability on the guarantee 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 guarantee exceed the amount of the original guarantee. Notwithstanding the dollar and percentage limitations of the guarantee, a mortgage lender 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 guarantee, as adjusted. The VA may, at its option and without regard to the guarantee, make full payment to a mortgage lender of unsatisfied indebtedness on a mortgage upon its assignment to the VA.

RD Single Family Housing Guaranteed Loan Program

Under its Single Family Housing Guaranteed Loan Program, RD provides mortgage guarantees for eligible households or families for single family rural housing loans. An RD guarantee constitutes an obligation supported by the full faith and credit of the United States. Under the Single Family Housing Guaranteed Loan Program, RD guarantees mortgage loans with terms of 30 years for the acquisition of single family dwellings and related facilities. Such mortgage loans are limited to properties in designated rural areas which are generally defined as being open country or any town, village, city or place, which, in each case, is not a part of or associated with an urban area and which (1) has a population not in excess of 10,000 and is rural in character, or (2) has a population in excess of 10,000 but not in excess of 20,000, is not contained in a Metropolitan Statistical Area and has a serious lack of mortgage credit for low-income and moderate-income households, as determined by the Secretary of Agriculture and the Secretary of HUD. Guaranteed mortgage loans for single family dwellings may be made for up to 100% of the

property's present market value, selling price, or cost of acquisition and development. RD imposes certain loan limitations and other requirements under the program.

Under the RD guarantee, the maximum loss payment will be the lesser of: (1) any loss of an amount equal to 90% of the principal amount actually advanced to the mortgagor, or (2) any loss sustained by the lender of an amount up to 35% of the principal amount actually advanced to the mortgagor, plus any additional loss sustained by the lender of an amount up to 85% of the remaining 65% of the principal amount actually advanced to the mortgagor.

The amount of loss includes only (1) principal and interest evidenced by the note; (2) any loan subsidy due and owing (if applicable); (3) any principal and interest indebtedness on the RD approved protective advances for protection and preservation of collateral; and (4) certain foreclosure costs. Interest is covered by the guarantee to the date of the final loss settlement when the lender conducts liquidation of the collateral in an expeditious manner. Liquidation of the collateral is considered to be upon receipt of the sheriff's deed after expiration of the statutory redemption period. Net proceeds received from liquidation of the collateral will be used in calculating the amount of loss sustained. If the lender acquires the collateral, RD will determine the net proceeds from collateral for calculating loss as follows: (1) the collateral will be appraised at its current market value as of the date of acquisition by the lender, and (2) then is deducted from such appraised value an estimate of liquidation costs, including an allowance for the estimated time the property will be held by the lender. RD will pay its claim based on an appraisal after foreclosure has occurred rather than upon the sale of the property. If the lender sells the collateral to a third party, RD will pay its claim based on the sales price. Final loss payments will be made within 60 days of liquidation of the mortgage loan.

Private Mortgage Insurance Programs

Under policies issued by private mortgage insurers, the maximum amounts insurable range from 90% to 97% of the appraised value or selling price for owner-occupied dwellings, whichever is lower. Requirements of borrower equity vary according to the percentage of the mortgage to be insured. Certain insurers will credit toward the value of the land to be improved, trade-in property or work equity a specified percentage of this amount, if at least a minimum cash equity is met and the home is to be owner-occupied. Although there may be variations among insurers, available coverage by private mortgage insurers is generally limited to first mortgage loans or contracts on improved real estate, with amortization over the term of the loan or contract in substantially equal monthly payments, including accruals for taxes and insurance.

Under the various policies, delinquencies must be reported to the insurer within four months of default, and proceedings to recover title are required to be commenced within nine months of default. It is standard practice for private mortgage insurers to require that lending institutions, prior to presenting a claim under the mortgage insurance, acquire and tender to the private mortgage insurer title to the property, free and clear of all liens and encumbrances, including any right of redemption by the mortgagor. When such claim is presented, the private mortgage insurer will normally retain the option to pay the claim in full and take title to the property and arrange for its sale, or to pay the insured percentage of the claim and allow the insured mortgage lender to retain title to the property.

The amount of loss payable generally includes the principal balance due under the mortgage agreement, plus accumulated interest, real estate taxes and hazard insurance premiums which have been advanced, expenses incurred in the preservation of the insured property, and other expenses necessarily incurred in the recovery proceedings, although in no event will the insurer be required to pay an amount which exceeds the coverage under a policy.

Prior to insuring loans for any mortgage lender, the insurer investigates and evaluates such mortgage lender in the areas of (1) quality of appraisal ability, (2) quality of underwriting ability, (3) net worth and quality of assets and (4) ability and past performance of servicing staff and adequacy of servicing procedures.

Mortgage Pool Insurance and Insurance Reserve Account

The Department is required under the Indenture to obtain Mortgage Pool Insurance providing full coverage for losses of principal and interest on any Mortgage Loan (after payment by any other insurer or guarantor thereof), with an aggregate limitation of coverage equal to 10% of the original principal balance of Mortgage Loans which are required to have the benefits of such Mortgage Pool Insurance.

Under Mortgage Pool Insurance policies, it is generally a condition to payment of a claim on any Mortgage Loan that the insured on the policies advance hazard insurance premiums and, as necessary, real estate taxes, property sales expenses and foreclosure costs (including court costs and reasonable attorneys' fees). In the event of default by a mortgagor, if there is any physical loss or damage to the property from any cause, whether by accidental means or otherwise, it is generally a condition to payment of a claim on a Mortgage Loan that the insured on the policies restore the property to its condition at the time of the issuance of the policies (reasonable wear and tear excepted). Therefore, the policies do not provide coverage against hazard loss.

Policies generally provide that no claim may validly be presented thereunder unless (1) premiums on hazard insurance on the property securing a defaulted Mortgage Loan have been paid and other foreclosure, protection and preservation expenses have been paid and (2) if there has been physical loss or damage to a mortgaged property, it has been restored to its condition at the time the Mortgage Loan was made, subject to reasonable wear and tear. Assuming the satisfaction of these conditions, the insurer has the option, after expiration of any applicable redemption period, to either (i) purchase the property securing the defaulted Mortgage Loan at a price equal to the principal balance thereof plus accrued and unpaid interest at the mortgage rate to the date of purchase and certain expenses on condition that the insurer must be provided with good and merchantable title to the mortgaged property (unless the property has been conveyed pursuant to the terms of the applicable mortgage insurance policy) or (ii) pay the amount by which the sum of the principal balance of the defaulted Mortgage Loan plus accrued and unpaid interest at the mortgage rate to the date of the payment of the claim plus certain expenses exceeds the proceeds received from a sale of the property which the insurer has approved. The policies define an "approved sale" as (1) a sale of a property acquired by the Department to a third party because of a default by the mortgagor and to which the insurer has given prior approval, or (2) a foreclosure or trustee's sale of a property to a third party at a price exceeding the maximum amount specified by the insurer to be bid by the Department. In circumstances referred to in both (1) and (2) the amount of payment may be reduced by the amount of loss paid under the applicable mortgage insurance policy.

Claims for losses must generally be filed with the insurer within 60 days after the insured has conveyed title to the property pursuant to an approved sale, and the insurer then has 30 days from the date of filing to pay the claim.

The following table summarizes certain information relating to each Mortgage Pool Insurance policy and the outstanding Mortgage Loans covered as of April 1, 2025.

<u>Series of Bonds</u>	<u>Insurer (1)</u>	<u>Date of Policy</u>	<u>Aggregate Net Loss Limitation</u>	<u>Balance of Insured Mortgage Loans</u>
2017 Series A/B/C (Previously 2007 Series C/D/E)	MGIC	7/31/2007	\$2,932,570	\$619,888
2017 Series A/B/C (Previously 2007 Series F/G/H)	MGIC	11/20/2007	3,309,965	226,440
2017 Series D/E (Previously 2008 Series D/E)	MGIC	5/13/2008	2,010,743	155,444

(1) MGIC refers to Mortgage Guaranty Insurance Corporation, Milwaukee, Wisconsin.

When such coverage is required, the Department will fund an Insurance Reserve Account in the Housing Finance Fund in the amounts described under "SECURITY FOR THE BONDS – Mortgage Loans – Insurance Reserve Account." The amount on deposit in the Insurance Reserve Account will be used only to pay the amount of any net loss realized by the Department as a result of default in payments by a mortgagor on any Mortgage Loan entitled to the benefits of such Insurance Reserve Account, after consideration of any payment under any mortgage insurance or guarantee.

Guaranteed Mortgage Securities

GNMA Mortgage-Backed Securities

The Government National Mortgage Association (“GNMA”) is a wholly-owned corporate instrumentality of the United States within the Department of Housing and Urban Development (“HUD”) with its principal office in Washington, D.C. The Guaranteed Mortgage Securities financed under the Indenture may include Mortgage-Backed Securities issued by GNMA (the “GNMA Securities”).

GNMA offers two programs, GNMA I and GNMA II, under which GNMA Securities may be issued. With the proceeds of Bonds, the Department may purchase, as Guaranteed Mortgage Securities, GNMA Securities issued under GNMA I or GNMA II, GNMA Securities issued under any program GNMA institutes in the future and any securities issued by any other Department or instrumentality of or chartered by the United States which has similar powers. GNMA guarantees the timely payment of the principal of and interest on the GNMA Security.

In order to issue the GNMA Securities, the servicer must first apply to and receive from GNMA a commitment to guarantee securities. A GNMA commitment authorizes the servicer to issue GNMA Securities up to a stated amount during a one-year period following the date of the commitment. The servicer is required to pay the application fee to GNMA for such commitments. The amount of commitments to guarantee GNMA Securities that GNMA can approve in any federal fiscal year is limited by statute and administrative procedures. The total annual amount of available commitments is established in appropriation acts and related administrative procedures.

The issuance of each GNMA Security is subject to the following conditions, among others: (1) the origination by the lenders of mortgage loans in a minimum aggregate principal amount at least equal to the minimum size permitted by GNMA for each GNMA Security (such origination being subject, among other conditions, to the availability of FHA mortgage insurance), (2) the submission by the servicer to GNMA of certain documents required by GNMA in form and substance satisfactory to GNMA, (3) the servicer’s continued compliance, on the date of issuance of the GNMA Security, with all of GNMA’s eligibility requirements, specifically including, but not limited to, certain net worth requirements, (4) the servicer’s continued approval by GNMA to issue GNMA Securities, and (5) the servicer’s continued ability to issue, execute and deliver the GNMA Security, as such ability may be affected by the servicer’s bankruptcy, insolvency or reorganization. In addition, the issuance of a GNMA Security by the servicer is subject to the condition that GNMA must have entered into a guaranty agreement with the servicer.

GNMA Security. GNMA is authorized by Section 306(g) of Title III of the National Housing Act to guarantee the timely payment of the principal of and interest on securities which are based on and backed by, among other things, a mortgage insured by FHA under the National Housing Act. Said Section 306(g) further provides that “[t]he full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guaranty under this subsection.” An opinion dated December 9, 1969, of an Assistant Attorney General of the United States states that such guarantees under said Section 306(g) of mortgage-backed securities of the type to be delivered to the Trustee by the servicer are authorized to be made by GNMA and “would constitute general obligations of the United States backed by its full faith and credit.”

GNMA Borrowing Authority. In order to meet its obligations under such guaranty, GNMA, in its corporate capacity under Section 306(d) of Title III of the National Housing Act, may issue its general obligations to the United States Department of the Treasury (the “Treasury”) in an amount outstanding at any one time sufficient to enable GNMA, with no limitations as to amount, to perform its obligations under its guaranty of the timely payment of the principal of and interest on the GNMA Securities. The Treasury is authorized to purchase any obligations so issued by GNMA and has indicated in a letter dated February 13, 1970, from the Secretary of the Treasury to the Secretary of HUD that the Treasury will make loans to GNMA, if needed, to implement the aforementioned guaranty.

GNMA will warrant to the Trustee, as the holder of the GNMA Securities, that, in the event it is called upon at any time to make good its guaranty of the payment of principal and interest on any GNMA Security, it will, if necessary, in accordance with the aforesaid Section 306(d), apply to the Treasury Department of the United States for a loan or loans in amounts sufficient to make such payment.

Servicing of the Mortgage Loans. Under contractual arrangements entered into by and between the servicer and GNMA, the servicer is responsible for servicing and otherwise administering the mortgage loans in accordance with generally accepted practices of the mortgage lending industry and the GNMA Servicer's Guide (copies of which may be obtained from GNMA at the Office of Mortgage-Backed Securities, 451 Seventh Street, S.W., Washington, D.C. 20410 or accessed at <http://www.ginniemae.gov>).

The monthly remuneration of the servicer, for its servicing and administrative functions, and the guaranty fee charged by GNMA, are based on the unpaid principal amount of the GNMA Securities outstanding. Each GNMA Security carries an interest rate that is below the interest rate on the underlying mortgage loans because the servicing and guaranty fees are deducted from payments on the mortgage loans before such payments are forwarded to the trustee.

It is expected that interest and principal payments on the mortgage loans received by the servicer will be the source of money for payments on the GNMA Securities. If such payments are less than the amount then due, the servicer is obligated to advance its own funds to ensure timely payment of all payments due on the GNMA Securities. GNMA guarantees such timely payment in the event of the failure of the servicer to pass through an amount equal to such scheduled payments (whether or not made by the mortgagors).

The servicer is required to advise GNMA in advance of any impending default on scheduled payments so that GNMA, as guarantor, will be able to continue such payments as scheduled on the applicable payment date. However, if such payments are not received as scheduled, the Trustee has recourse directly to GNMA.

Guaranty Agreement. A GNMA guaranty agreement which is entered into by GNMA and the servicer upon issuance of the GNMA Security (the "GNMA Guaranty Agreement") provides that, in the event of a default by the servicer, including (1) a request to GNMA to make a payment of principal or interest on a GNMA Security when a mortgagor is in default under his mortgage, (2) insolvency of the servicer or (3) default by the servicer under any other guaranty agreement with GNMA, GNMA shall have the right, by letter to the servicer, to effect and complete the extinguishment of the servicer's interest in the mortgage loans, and the mortgage loans shall thereupon become the absolute property of GNMA, subject only to the unsatisfied rights of the holder to the GNMA Security. In such event, the GNMA Guaranty Agreement will provide that on and after the time GNMA directs such a letter of extinguishment to the servicer, GNMA shall be the successor in all respects to the servicer in its capacity under the GNMA Guaranty Agreement and the transaction and arrangements set forth or arranged for therein, and shall be subject to all responsibilities, duties, and liabilities (except the servicer's indemnification of GNMA), theretofore placed on the servicer by the terms and provisions of the GNMA Guaranty Agreement, provided that at any time, GNMA may enter into an agreement with any other eligible issuer of GNMA Securities under which the latter undertakes and agrees to assume any part or all such responsibilities, duties or liabilities of GNMA in its capacity as guarantor of the GNMA Security, or otherwise adversely affect the rights of the holders thereof.

Fannie Mae Mortgage-Backed Securities

Information regarding the conservatorship of Fannie Mae is provided below under the heading "Federal Housing Finance Agency Actions."

Fannie Mae is a government sponsored enterprise organized and existing under the Federal National Mortgage Association Charter Act. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market.

Fannie Mae provides funds to the mortgage market primarily by purchasing mortgage loans from lenders, thereby replenishing their funds for additional lending. Fannie Mae acquires funds to purchase mortgage loans from many capital market investors that may not ordinarily invest in mortgage loans, thereby expanding the total amount of funds available for housing.

Fannie Mae Security. Fannie Mae also issues mortgage-backed securities ("Fannie Mae Securities") primarily in exchange for pools of mortgage loans from lenders. Fannie Mae receives guaranty fees for its guaranty of

timely payment of principal of and interest on Fannie Mae Securities. The issuance of Fannie Mae Securities enables Fannie Mae to further its statutory purpose of increasing the liquidity of residential mortgage loans.

Each Fannie Mae Security which qualifies as a Guaranteed Mortgage Security under the Indenture will be backed by a pool of mortgage loans which may consist of fixed-rate FHA Loans, VA Loans or conventional loans with original terms to maturity of eight to thirty years. Fannie Mae guarantees to each registered holder of a Fannie Mae Security that it will distribute amounts representing such Securityholder's proportionate interest in scheduled principal and interest payments, and any principal prepayments, on the mortgage loans in the pool represented by such Fannie Mae Security (less servicing and guarantee fees aggregating the excess of the interest on such mortgage loans over the Fannie Mae Security's pass-through rate), and such Securityholder's proportionate interest in the full principal amount of any foreclosed or other liquidated mortgage loan, in each case whether or not such amounts are actually received.

The obligations of Fannie Mae under its guarantees are obligations solely of Fannie Mae and are not backed by, nor entitled to, the full faith and credit of the United States. If Fannie Mae were unable to satisfy such obligations, distributions to holders of Fannie Mae Securities would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Fannie Mae Securities would be affected by delinquent payments and defaults on such mortgage loans.

Fannie Mae Uniform Mortgage-Backed Securities. Since June 3, 2019, Fannie Mae has also issued new, common, single mortgage-backed securities, known as Uniform Mortgage-Backed Securities ("Fannie Mae UMBSs"). Similar to traditional Fannie Mae Securities, Fannie Mae UMBSs finance fixed-rate mortgage loans and are guaranteed by Fannie Mae. Fannie Mae UMBSs are sold into the TBA market along with Freddie Mac UMBSs (defined below). As first-level securities, Fannie Mae UMBSs and Freddie Mac UMBSs (together, "UMBSs") are backed by fixed-rate mortgage loans purchased entirely by either Fannie Mae or Freddie Mac (defined below), thereby preventing any commingling of collateral. UMBSs have the same structure regardless of the issuer, including the same interest accrual period and 55-day payment delay for investors. UMBSs resemble Fannie Mae Securities and Freddie Mac has altered its security structure to further align its UMBSs with Fannie Mae Securities. Both Fannie Mae and Freddie Mac may be required to consult with each other to ensure that their UMBS programs or policies do not cause or have the potential to cause cash flows to investors of mortgage-backed securities to misalign. For additional information regarding UMBSs, see "Freddie Mac Mortgage-Backed Securities" below.

Freddie Mac Mortgage-Backed Securities

Information regarding the conservatorship of the Federal Home Loan Mortgage Corporation ("Freddie Mac") is provided below under the heading "Federal Housing Finance Agency Actions."

Freddie Mac is a shareholder-owned, government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended, 12 U.S.C. Sections 1451-1459. Freddie Mac's statutory mission is to provide stability in the secondary market for home mortgages, to respond appropriately to the private capital market and to provide ongoing assistance to the home mortgage secondary market by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing.

Freddie Mac Security. The principal activity of Freddie Mac consists of the purchase of first-lien, conventional, residential mortgages and participation interests in such mortgages from mortgage lending institutions and the resale of the whole loans and participations so purchased in the form of guaranteed mortgage securities (the "Freddie Mac Securities"). Freddie Mac generally matches its purchases of mortgages with sales of Freddie Mac Securities. Mortgages retained by Freddie Mac are financed with short- and long-term debt and equity capital.

Each Freddie Mac Security which qualifies as a Guaranteed Mortgage Security under the Indenture will represent an undivided interest in a pool of fixed-rate, first-lien conventional mortgage loans or FHA and VA Loans, or participation interests therein. Freddie Mac guarantees to each registered holder of a Freddie Mac Security that it will distribute amounts representing such Securityholder's proportionate interest in interest payments on the mortgage loans in the pool represented by such Freddie Mac Securities (less servicing and guarantee fees aggregating the excess of the interest on such mortgage loans over the Freddie Mac Security's pass-through rate), whether or not such amount

is actually received. With respect to certain Freddie Mac Securities, Freddie Mac guarantees the Securityholder's proportionate interest in scheduled principal payments on such mortgage loans, if timely received and also guarantees ultimate collection of scheduled principal payments, prepayments of principal and the remaining principal balance in the event of a foreclosure or other disposition of a mortgage loan. With respect to such Freddie Mac Securities, Freddie Mac may remit the amount due on account of its guarantee of collection of principal at any time after default on an underlying mortgage, but not later than (i) thirty days following foreclosure sale, (ii) thirty days following payment of the claim by any mortgage insurer, or (iii) thirty days following the expiration of any right of redemption, whichever occurs later, but in any event no later than one year after demand has been made upon the mortgagor for accelerated payment of principal.

The obligations of Freddie Mac under its guarantees are obligations solely of Freddie Mac and are not backed by, nor entitled to, the full faith and credit of the United States. If Freddie Mac were unable to satisfy such obligations, distributions to holders of Freddie Mac Securities would consist solely of payments and other recoveries on the underlying mortgage loans and, accordingly, monthly distributions to holders of Freddie Mac Securities would be affected by delinquent payments and defaults on such mortgage loans.

Freddie Mac Uniform Mortgage-Backed Securities. Since June 3, 2019, Freddie Mac has also issued new, common, single mortgage-backed securities, known as Uniform Mortgage-Backed Securities ("Freddie Mac UMBSs"), which are sold in the TBA market along with Fannie Mae UMBSs. The UMBS program is designed to create a single, liquid market for both Fannie Mae and Freddie Mac mortgage-backed securities, thus increasing the liquidity for Freddie Mac Securities which have historically traded at lower prices than Fannie Mae Securities. Much like traditional Freddie Mac Securities, Freddie Mac UMBSs finance fixed-rate mortgage loans and are guaranteed by Freddie Mac. As fungible securities, Freddie Mac permits investors to exchange Freddie Mac Securities for "mirror" UMBSs backed by the same loans as the existing securities and with the same characteristics as the corresponding securities. For additional information regarding UMBSs, see "Fannie Mae Mortgage-Backed Securities" above.

Federal Housing Finance Agency Actions

In accordance with the Federal Housing Finance Regulatory Reform Act of 2008 (the "Regulatory Reform Act"), the Federal Housing Finance Agency (the "FHFA") was named as the conservator of both Fannie Mae and Freddie Mac (each, a "GSE") on September 6, 2008. The FHFA immediately succeeded to (1) all rights, titles, powers and privileges of each GSE, and of any stockholder, officer or director of such GSE with respect to the GSE and its assets, and (2) title to all books, records and assets of the GSE held by any other legal custodian or third party. Under the Regulatory Reform Act, the FHFA is authorized to repudiate contracts entered into by a GSE prior to the FHFA's appointment as conservator if the FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSEs. This right must be exercised within a reasonable period of time after FHFA's appointment as conservator.

On September 7, 2008, the Treasury entered into a "Senior Preferred Stock Purchase Agreement" with each GSE. Those agreements were amended and restated on September 26, 2008, and subsequently amended on May 6, 2009, December 24, 2009 and August 17, 2012. Each such agreement is indefinite in duration and has a maximum capacity of \$200 billion, which amount will increase as necessary to accommodate any cumulative reduction in net worth calculated on a quarterly basis through December 31, 2012. If the FHFA determines that a GSE's liabilities have exceeded its assets under generally accepted accounting principles, the Treasury is required by the agreement to contribute cash capital to the GSE in an amount equal to the difference between liabilities and assets.

So long as the GSEs remain in their current conservatorship and are not placed into receivership, (i) FHFA has no authority to repudiate any contracts entered into after the GSEs were placed into conservatorship, including the GSEs' guaranties related to Securities they issued during their respective conservatorships, and (ii) the rights of holders of securities issued during such conservatorship are not restricted.

Under the Regulatory Reform Act, FHFA must place a GSE into receivership if the FHFA's Director makes a determination that the GSE's assets are, and for a period of 60 days have been, less than the GSE's obligations, or the GSE is unable to pay its debts and have been unable to do so for a like period. The FHFA Director may also place a GSE into receivership in his or her discretion for certain other reasons. A receivership would terminate the FHFA's

current conservatorship. If FHFA were to become the receiver of a GSE, it could exercise certain powers that could adversely affect the Department (as holder of the GSE's Securities), as explained below.

As receiver, FHFA could repudiate any contract entered into by a GSE prior to its appointment as receiver if FHFA determines, in its sole discretion, that performance of the contract is burdensome and that repudiation of the contract promotes the orderly administration of the GSE's affairs. The Regulatory Reform Act requires that any exercise by FHFA of its right to repudiate any contract occur within a reasonable period following its appointment as receiver. If FHFA, as receiver, were to repudiate the guaranty obligations of Fannie Mae or Freddie Mac, the receivership estate would be liable for actual direct compensatory damages as of the date of receivership under the Regulatory Reform Act. Any such liability could be satisfied only to the extent the GSE's assets were available for that purpose. Moreover, if a GSE's guaranty obligations were repudiated, payments of principal and/or interest to holders of the GSE's Securityholders would be reduced as a result of borrowers' late payments or failure to pay or a servicer's failure to remit borrower payments to the trust. In that case, trust administration fees would be paid from mortgage loan payments prior to distributions to Securityholders. Any actual direct compensatory damages owed due to the repudiation of the GSE guaranty obligations may not be sufficient to offset any shortfalls experienced by Securityholders.

In its capacity as receiver, FHFA would have the right to transfer or sell any asset or liability of a GSE without any approval, assignment or consent. If FHFA, as receiver, were to transfer a GSE's guaranty obligation to another party, the Department (as a Securityholder) would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

During a receivership, certain rights of Securityholders may not be enforceable against FHFA, or enforcement of such rights may be delayed. The Regulatory Reform Act also provides that no person may exercise any right or power to terminate, accelerate or declare an event of default under certain contracts to which a GSE is a party, or obtain possession of or exercise control over any property of a GSE, or affect any contractual rights of the GSE, without the approval of FHFA as receiver, for a period of 90 days following the appointment of FHFA as receiver. If a GSE is placed into receivership and does not or cannot fulfill its guaranty to Securityholders, Securityholders could become unsecured creditors of the GSE with respect to claims made under the GSE's guaranty.

If a GSE emerges from conservatorship and, at a later date, FHFA again were to place the GSE into conservatorship, (i) FHFA would have all of the authority of a new conservator, including the authority to repudiate the guaranty associated with securities issued by the GSE during the current conservatorship, and (ii) certain rights of holders of securities issued during the current conservatorship would again be restricted or eliminated. FHFA currently has all of the authority of a conservator as to securities issued before September 6, 2008, the date the GSEs were placed into conservatorship.

Although the Treasury owns the GSEs' senior preferred stock and has made a commitment under the respective Senior Preferred Stock Purchase Agreements to provide the GSEs with funds under specified conditions to maintain a positive net worth, the U.S. government does not guarantee the GSEs' securities or other obligations.

Fannie Mae currently is required to file periodic financial disclosures with the U.S. Securities and Exchange Commission (the "SEC"), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, together with any required exhibits. These reports and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC currently maintains a web site (<http://www.sec.gov>) that contains reports, proxy statements and other information that Fannie Mae has filed with the SEC. The Senior Preferred Stock Purchase Agreement between the Treasury and Freddie Mac requires Freddie Mac to provide the Treasury with annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Department makes no representation regarding the content, accuracy or availability of any such reports or information filed by Fannie Mae or Freddie Mac with the SEC, or any information provided at such web site. The SEC's web site is not part of this Official Statement.

Homeowners Protection Act of 1998

In July 1998, the U.S. Congress enacted, and the President signed, the Homeowners Protection Act of 1998 (the "HPA"). The HPA permits a mortgagor responsible for paying the mortgagor's private mortgage insurance premium to cancel private mortgage insurance on the date on which the principal balance of the mortgage loan is

scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reached 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 mortgage loan transaction was consummated. In order to effect such cancellation, the mortgagor 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 mortgagor's equity in the residence is not encumbered by a subordinate loan. The HPA further provides for automatic termination of private mortgage insurance on the date on which the principal balance of the mortgage loan is scheduled to reach 78% of the original value of the residence, or if the mortgagor is not then current on the mortgagor's mortgage loan payments, on the date on which the mortgagor subsequently becomes current on such payments. Even if the private mortgage insurance is not canceled or terminated as described above, the HPA requires that 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 the mortgagor's mortgage loan payments. The HPA also requires that mortgagors be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. The HPA applies to mortgage loans which are closed on or after July 29, 1999.

State of Oregon
Housing and Community Services Department

Proprietary Funds - Enterprise Funds
Financial Statements

For the Year Ended June 30, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

Table of Contents

Financial Section

Independent Auditor's Report	B-6
Basic Financial Statements:	
Statement of Net Position	B-10
Statement of Revenues, Expenses, and Changes in Fund Net Position	B-12
Statement of Cash Flows	B-14
Notes to the Financial Statements	B-16
Supplementary Information:	
Combining Schedules - Housing Finance Fund:	
Combining Statement of Net Position - Housing Finance Fund	B-38
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Housing Finance Fund	B-42
Combining Statement of Cash Flows - Housing Finance Fund	B-44

Statistical Section

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position	B-50
Revenues, Expenses, and Changes in Net Position	B-54
Cash Flows	B-56
Weighted Average Interest Rate - New Mortgage Loans – Mortgage Revenue Bonds	B-58
Principal Program Loan Interest Payers	B-59
Ratio of Outstanding Debt	B-60
Legal Debt Margin Information	B-61
Demographic and Economic Data - State of Oregon	B-62
Employment Data - State of Oregon	B-63
Loans Outstanding - By Interest Rate	B-64
Loans Outstanding - By Monthly Payment Amount	B-65
Loans Outstanding - By County	B-66
Average New Mortgage Loan Amount Versus Median Household Income - Single-Family Mortgage Program	B-68
New Mortgage Loans - Single-Family Mortgage Program	B-69
Mortgage Loans Paid Off - Single-Family Mortgage Program	B-70
Number of Employees	B-71

Other Reports

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters	B-74
---	------

[THIS PAGE INTENTIONALLY LEFT BLANK]

Financial Section



Kip Memmott
Division Director

Independent Auditor's Report

The Honorable Tina Kotek
Governor of Oregon

Andrea Bell, Executive Director
Oregon Housing and Community Services Department

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, which collectively comprise the Housing and Community Service Fund, an enterprise fund of the State of Oregon, Housing and Community Services Department (department) as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing and Community Services Fund as of June 30, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the department, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Elderly and Disabled Housing Fund and Housing Finance Fund and do not purport to, and do not, present fairly the financial position of the State of Oregon or the department as of June 30, 2024, the changes in its financial position or its cash flows for the

255 Capitol St NE, Ste 180
Salem, Oregon 97310

LaVonne Griffin-Valade
Oregon Secretary of State

Cheryl Myers
Deputy Secretary & Tribal Liaison

Information (503) 986-2255
sos.oregon.gov/audits

year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibility 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 auditor's report that includes our opinion. 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 the 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 department'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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Elderly and Disabled Housing Fund and Housing Finance Fund's basic financial statements. The combining financial statements 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 auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issue our report dated October 28, 2024, on our consideration of the department'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 department'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 department's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon

October 28, 2024

[THIS PAGE INTENTIONALLY LEFT BLANK]

Oregon Housing & Community Services Department
Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Assets and Deferred Outflows of Resources			
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 788,645	\$ 47,698,036	\$ 48,486,681
Cash and Cash Equivalents - Restricted	1,986,726	95,854,037	97,840,763
Investments - Restricted	-	12,651,998	12,651,998
Securities Lending Cash Collateral	104,742	92,626	197,368
Accounts Receivable	925	376,667	377,592
Accrued Interest Receivable	270,525	6,295,750	6,566,275
Due from Governmental Funds	40,936	185,002	225,938
Loans Receivable	2,852,193	26,625,693	29,477,886
Acquired Property	-	188,995	188,995
Total Current Assets	6,044,692	189,968,804	196,013,496
Noncurrent Assets			
Cash and Cash Equivalents - Restricted	64,392,115	99,296,482	163,688,597
Investments - Restricted	1,213,867	110,813,649	112,027,516
Loans Receivable	34,222,832	931,726,375	965,949,207
Swap Fair Value Asset	-	19,603,929	19,603,929
Other Derivative Instruments	-	104,910	104,910
Net Other Postemployment Benefits Asset	30,210	173,314	203,524
Capital Assets (Net)	22,480	421,823	444,303
Total Noncurrent Assets	99,881,504	1,162,140,482	1,262,021,986
Total Assets	105,926,196	1,352,109,286	1,458,035,482
Deferred Outflows of Resources			
Loss on Debt Refundings	-	309,452	309,452
Related to Pensions	439,786	3,356,548	3,796,334
Related to Other Postemployment Benefits	1,007	6,882	7,889
Total Deferred Outflows of Resources	440,793	3,672,882	4,113,675
Total Assets and Deferred Outflows of Resources	\$ 106,366,989	\$ 1,355,782,168	\$ 1,462,149,157

The accompanying notes are an integral part of the financial statements.

Continued on the next page

Continued from the previous page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 27,039	\$ 1,003,734	\$ 1,030,773
Accrued Interest Payable	375,504	19,257,905	19,633,409
Obligations Under Securities Lending	104,742	92,626	197,368
Due to Governmental Funds	24,340	319,526	343,866
Unearned Revenue	582	343,546	344,128
Compensated Absences Payable	31,410	311,490	342,900
Subscription-Based IT Obligations	7,008	110,872	117,880
Bonds Payable	1,105,000	72,735,000	73,840,000
Arbitrage Rebate Liability	-	294,522	294,522
Pension-related Debt Payable	10,891	39,025	49,916
Total Current Liabilities	1,686,516	94,508,246	96,194,762
Noncurrent Liabilities			
Compensated Absences Payable	16,913	167,725	184,638
Subscription-Based IT Arrangement Obligations	14,471	339,469	353,940
Bonds Payable	17,923,831	1,020,993,117	1,038,916,948
Arbitrage Rebate Liability	-	129,622	129,622
Pension-related Debt Payable	30,693	109,969	140,662
Net Pension Liability	1,348,271	8,157,757	9,506,028
Total Other Postemployment Benefits Liability (PEBB)	10,994	133,872	144,866
Total Noncurrent Liabilities	19,345,173	1,030,031,531	1,049,376,704
Total Liabilities	21,031,689	1,124,539,777	1,145,571,466
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	-	19,603,929	19,603,929
Gain on Debt Refundings	-	3,623	3,623
Deferred Loan Origination Fees	229,434	3,999,533	4,228,967
Related to Pensions	106,607	645,029	751,636
Related to Other Postemployment Benefits	10,106	92,384	102,490
Total Deferred Inflows of Resources	346,147	24,344,498	24,690,645
Net Position			
Net Investment in Capital Assets	1,002	(28,519)	(27,517)
Restricted for Residential Assistance	-	1,158,463	1,158,463
Restricted for Other Postemployment Benefits	30,210	173,314	203,524
Restricted by Trust Indentures	84,498,300	162,653,559	247,151,859
Unrestricted	459,641	42,941,076	43,400,717
Total Net Position	84,989,153	206,897,893	291,887,046
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 106,366,989	\$ 1,355,782,168	\$ 1,462,149,157

The accompanying notes are an integral part of the financial statements.

Oregon Housing & Community Services Department
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Operating Revenues			
Interest on Loans	\$ 3,002,032	\$ 37,199,728	\$ 40,201,760
Investment Income	3,171,357	14,505,119	17,676,476
Other Derivative Income	-	62,726	62,726
Administrative Charges and Fees	108,269	5,337,537	5,445,806
Low Income Housing Tax Credit Fees	-	4,506,936	4,506,936
Gain on Sale of Foreclosed Property	-	204,615	204,615
Gain (Loss) on Debt Extinguishment	-	3,024,206	3,024,206
Miscellaneous Revenue	-	4,381	4,381
Total Operating Revenues	6,281,658	64,845,248	71,126,906
Operating Expenses			
Personal Services	852,832	9,309,467	10,162,299
Services and Supplies	269,594	3,595,393	3,864,987
Mortgage Service Fees	14,155	3,330,279	3,344,434
Foreclosure Costs	-	80,342	80,342
Interest Expense - Bonds	913,783	32,539,157	33,452,940
Interest Expense - Securities Lending	10,991	13,180	24,171
Other Related Program Expenses	-	3,592,409	3,592,409
Depreciation/Amortization	11,520	224,599	236,119
Total Operating Expenses	2,072,875	52,684,826	54,757,701
Operating Income	4,208,783	12,160,422	16,369,205
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	(2,940)	(10,533)	(13,473)
Interest Expense - Leased Assets	(2)	(5)	(7)
Interest Expense - Subscription-Base IT Assets	(769)	(14,899)	(15,668)
Total Nonoperating Revenues (Expenses)	(3,711)	(25,437)	(29,148)
Income Before Transfers	4,205,072	12,134,985	16,340,057
Transfers from Other Funds	-	7,500,000	7,500,000
Transfers to Other State Agencies	(25,070)	(332,493)	(357,563)
Increase in Net Position	4,180,002	19,302,492	23,482,494
Net Position - Beginning	80,809,151	187,595,401	268,404,552
Net Position - Ending	\$ 84,989,153	\$ 206,897,893	\$ 291,887,046

The accompanying notes are an integral part of the financial statements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Oregon Housing & Community Services Department
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Cash Flows from Operating Activities			
Received from Customers	\$ 108,194	\$ 10,463,296	\$ 10,571,490
Program Loan Principal Repayments	2,786,019	57,711,720	60,497,739
Program Loan Interest Received	1,959,480	35,887,116	37,846,596
Program Loans Made	-	(147,619,925)	(147,619,925)
Payments to Employees for Services	(930,825)	(10,526,483)	(11,457,308)
Payments to Suppliers for Goods and Services	(324,316)	(6,718,839)	(7,043,155)
Other Receipts (Payments)	-	(1,535,726)	(1,535,726)
Net Cash Provided (Used) in Operating Activities	3,598,552	(62,338,841)	(58,740,289)
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	-	230,718,707	230,718,707
Principal Payments - Bonds	(1,045,000)	(90,085,000)	(91,130,000)
Interest Payments - Bonds	(934,708)	(29,173,868)	(30,108,576)
Bond Issuance Costs	-	(2,064,247)	(2,064,247)
Other Derivative Receipts	-	30,061	30,061
Principal Payments - Pension-related Debt	(12,355)	(44,267)	(56,622)
Interest Payments - Pension-related Debt	(2,940)	(10,533)	(13,473)
Transfers from Other Funds	-	7,500,000	7,500,000
Transfers to Other State Agencies	(28,954)	(347,695)	(376,649)
Net Cash Provided (Used) in Noncapital Financing Activities	(2,023,957)	116,523,158	114,499,201
Cash Flows from Capital and Related Financing Activities			
Leased Assets Principal Payments	(251)	(1,191)	(1,442)
Leased Assets Interest Payments	(2)	(5)	(7)
Subscription-Based IT Assets Principal Payments	(4,928)	(86,928)	(91,856)
Net Cash Provided (Used) in Capital and Related Financing Activities	(5,181)	(88,124)	(93,305)
Cash Flows from Investing Activities			
Purchase of Investments	-	(363,247,896)	(363,247,896)
Proceeds from Sales and Maturities of Investments	-	311,296,579	311,296,579
Interest on Cash and Investments	3,226,210	10,311,678	13,537,888
Investment Income on Securities Lending	10,991	13,180	24,171
Interest Paid on Securities Lending	(10,991)	(13,180)	(24,171)
Net Cash Provided (Used) in Investing Activities	3,226,210	(41,639,639)	(38,413,429)
Net Increase (Decrease) in Cash and Cash Equivalents	4,795,624	12,456,554	17,252,178
Cash and Cash Equivalents Balance - Beginning	62,371,862	230,392,001	292,763,863
Cash and Cash Equivalents Balance - Ending	\$ 67,167,486	\$ 242,848,555	\$310,016,041
Cash and Cash Equivalents	\$ 788,645	\$ 47,698,036	\$ 48,486,681
Cash and Cash Equivalents - Restricted (Current)	1,986,726	95,854,037	97,840,763
Cash and Cash Equivalents - Restricted (Noncurrent)	64,392,115	99,296,482	163,688,597
Total Cash and Cash Equivalents	\$ 67,167,486	\$ 242,848,555	\$310,016,041

The accompanying notes are an integral part of the financial statements.

Continued on the next page

Continued from the previous page

	Business-Type Activities - Enterprise Funds		
	Elderly and Disabled Housing Fund	Housing Finance Fund	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 4,208,783	\$ 12,160,422	\$ 16,369,205
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	11,520	224,599	236,119
Investment Income Reported as Operating Revenue	(3,171,357)	(14,505,119)	(17,676,476)
Other Derivative Income Reported as Operating Revenue	-	(62,726)	(62,726)
Interest Expense Reported as Operating Expense	924,774	32,552,337	33,477,111
Bond Issuance Costs Reported as Operating Expense	-	1,956,112	1,956,112
(Gain) Loss on Debt Extinguishment	-	(3,024,205)	(3,024,205)
(Increase)/Decrease in Assets:			
Loan Interest Receivable	(2,953)	(623,302)	(626,255)
Accounts Receivable	(75)	(77,987)	(78,062)
Interfund Receivable	-	47,806	47,806
Due from Governmental Funds	(39,269)	122,434	83,165
Prepaid Expenses	-	21,147	21,147
Loans Receivable	1,777,697	(90,645,233)	(88,867,536)
Acquired Property	-	591,344	591,344
Net Other Postemployment Benefits Asset	(3,028)	6,950	3,922
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	27,411	(134,269)	(106,858)
Related to Other Postemployment Benefits	2,944	17,676	20,620
Increase/(Decrease) in Liabilities:			
Accounts Payable	(8,248)	(270,922)	(279,170)
Interfund Payable	(47,806)	-	(47,806)
Due to Governmental Funds	(105,067)	(278,936)	(384,003)
Unearned Revenue	(505)	(87,614)	(88,119)
Compensated Absences Payable	(54,971)	(2,454)	(57,425)
Net Pension Liability	323,582	839,233	1,162,815
Total Other Postemployment Benefits Liability	(5,141)	41,271	36,130
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	(30,773)	365,097	334,324
Related to Pensions	(200,392)	(1,547,621)	(1,748,013)
Related to Other Postemployment Benefits	(8,574)	(24,881)	(33,455)
Net Cash Provided (Used) in Operating Activities	\$ 3,598,552	\$ (62,338,841)	\$ (58,740,289)
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ (65,869)	\$ 4,311,591	\$ 4,245,722
Foreclosed Property	-	409,412	409,412
Loan Modifications	1,008,322	324,870	1,333,192
SBITAs Initiated	33,158	643,084	676,242
Total Noncash Investing, Capital, and Financing Activities	\$ 975,611	\$ 5,688,957	\$ 6,664,568

Oregon Housing & Community Services Department
Notes to the Financial Statements
Enterprise Funds
June 30, 2024

NOTE 1. Summary of Significant Accounting Policies

The accompanying financial statements of the Oregon Housing and Community Services Department (OHCS D) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

OHCS D is a part of the State of Oregon reporting entity. OHCS D currently operates under the provisions of Sections 456.515 to 456.725 of the Oregon Revised Statutes.

Through sales of bonds, OHCS D finances home ownership and multi-family housing units for elderly, disabled, and lower to moderate income persons. OHCS D has issued revenue bonds for the Single-Family Mortgage Program (Mortgage Revenue Bonds) and Multifamily Housing Revenue Bonds. OHCS D has issued State of Oregon general obligation bonds for the Elderly and Disabled Housing Program. State of Oregon general obligation bonds are authorized by Oregon Constitution Article XI-I(2).

The financial statements and notes include only the bonded debt financial activity of OHCS D's housing bond programs. OHCS D operates governmental fund programs which are not included in this report.

B. Basis of Presentation - Fund Accounting

OHCS D programs and accounts are organized by "funds," each of which is a separate accounting entity. Each major program utilizes a separate set of self-balancing accounts to record the assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses of their activities. OHCS D's housing bond programs are classified in proprietary funds. Proprietary funds contain two types of funds: Enterprise Funds and Internal Service Funds. All housing bond programs of OHCS D are accounted for in the Enterprise Funds.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. OHCS D utilizes two enterprise funds which are differentiated primarily by the type of bond financing employed to support their respective programs:

- (1) The Elderly and Disabled Housing Fund accounts for programs that are supported by State of Oregon General Obligation Bonds. Bond proceeds are used to finance elderly housing and residential facilities for elderly households, disabled persons, and their family members. OHCS D is responsible for the administration of this program.
- (2) The Housing Finance Fund accounts for programs that are supported by revenue bond financing, including the Multifamily Housing and Single-Family Mortgage Programs. Revenue bond proceeds are used to finance home ownership and multi-family units for lower and moderate income persons. Also part of the Housing Finance Fund are the Combined Program Account and the Housing Finance Account. The Combined Program Account is maintained to act as a reserve against possible deficiencies that may arise in the payment of debt service or related expenses of the Single-Family Mortgage Program. General and administrative costs of these programs are accounted for in the Housing Finance Account. In addition, fees or other monies received by OHCS D in carrying out the responsibilities outlined under Oregon Revised Statutes 456.548 to 456.725 are also included in the Housing Finance Account.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the flow of economic resources measurement focus and are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned

and expenses are recorded at the time related liabilities are incurred. All assets and liabilities associated with the operations of these funds are included on the Statement of Net Position. Assets and liabilities are segregated between current and non-current. Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted. The Proprietary fund Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. This statement segregates operating revenue, operating expenses, non-operating revenue and expense, and capital contributions and transfers.

D. Budgets

The Oregon Legislature approves budgets for a biennial period. Operating expenses are subject to limitation and bond related expenses are subject to administrative limitation. Both types of limitation lapse at the end of the biennium. Budgets are adopted on a basis which differs from generally accepted accounting principles and financial reporting standards in the treatment of bond proceeds and loan purchases. For budgetary purposes, these transactions are treated on a cash basis and other operating revenues and expenses are on an accrual basis.

E. Cash Equivalents

For purposes of the Statement of Cash Flows, all OHCS D moneys held in the State Treasury Oregon Short-Term Fund and moneys held in money market mutual funds are considered to be cash equivalents. The money market mutual funds do not have a floating net asset value (NAV). OHCS D records investments with original maturities of three months or less as investments, not cash equivalents.

F. Investments

OHCS D's investments are stated at fair value. Investment fair value is determined using quoted market prices or quoted market prices for similar investments.

G. Receivables

Receivables included are amounts due that represent revenues earned or accrued in the current period. Types included in this classification relate to interest, mortgage loans receivable, and other miscellaneous receivables. If the last day or days of the fiscal year are on a weekend and an investment matures that weekend, an accounts receivable in the amount of the matured investment is included in the Statement of Net Position.

H. Short-term Interfund Receivable/Payable and Due from/to Governmental Funds

During the course of operations, transactions occur between individual funds for various reasons. Receivable and payable transactions between OHCS D's enterprise funds are classified as "Interfund Receivable" and "Interfund Payable" on the Statement of Net Position. Receivables and payables between OHCS D's enterprise funds and OHCS D's governmental funds are classified as "Due from Governmental Funds" and "Due to Governmental Funds" on the Statement of Net Position.

I. Acquired Property

Acquired properties resulting from mortgage foreclosures are stated at the cost. Cost is defined as the outstanding balance of the mortgage loan, plus major repairs, less any mortgage insurance payments received. Costs relating to the acquisition of such properties are charged to expense as they are incurred.

J. Capital Assets

Capital assets are reported at historical cost or estimated historical cost if the original cost is not determinable. Donated capital assets are reported at their estimated fair market value at the time received. Capital assets costing less than \$5,000 or having a useful life of less than one year are not capitalized.

Depreciation or amortization of capital assets is charged as an expense against operations over the estimated useful life using the straight-line method of depreciation. The estimated useful life of OHCSO's capital assets is from three to ten years.

K. Rebateable Arbitrage

Internal Revenue Code (IRC) Section 148(f) requires issuers of tax-exempt bonds to rebate investment income earned from bond proceeds that exceeds limits established for each bond issue. These limits are based on the bond yield as calculated for federal tax purposes for each bond issue and are subject to certain exceptions. Arbitrage rebate payments are due not later than 60 days after the end of the fifth anniversary of each bond issue (or other date in compliance with IRC Section 148(f)) and every five years thereafter in an amount at least equal to 90% of the calculated arbitrage liability. Final arbitrage rebate payments are due not later than 60 days after the final retirement of all bonds in an issue in an amount equal to 100% of the calculated arbitrage liability. OHCSO records rebateable arbitrage as a reduction of investment revenue.

L. Compensated Absences

Employees accumulate earned but unused vacation and sick leave benefits. Accumulated vacation leave (compensated absences) is recorded as an expense and a liability as the benefits accrue to the employees. Employees are not paid for unused sick leave benefits when leaving State service, so no liability is recorded for accumulated sick leave benefits.

M. Bond Discounts and Premiums

Bond discount or premium arising from the sale of serial or term bonds is charged or credited to interest expense over the life of the related bond issue using the bonds-outstanding method of amortization. The removal of unamortized bond discount or bond premium for bonds that are called is recorded in Gain (Loss) on Debt Extinguishment on the Statement of Revenues, Expenses, and Changes in Fund Net Position. Bond discounts and premiums are included in Bonds Payable on the Statement of Net Position.

N. Deferred Debt Refundings

Deferred debt refunding gains or losses are amortized over the shorter of the life of the new debt or the remaining life of the old debt using the bonds-outstanding method of amortization. The bonds-outstanding method of amortization most closely approximates the effective-interest method. The removal of unamortized deferred debt refunding gains or losses for bonds that are called is recorded in Gain (Loss) on Debt Extinguishment on the Statement of Revenues, Expenses, and Changes in Fund Net Position. Loss on Debt Refundings is shown as a Deferred Outflow of Resources and Gain on Debt Refundings is shown as a Deferred Inflow of Resources on the Statement of Net Position.

O. Deferred Loan Origination Fees

Loan origination fees related to points are deferred and recognized as an adjustment to interest revenue over the life of the loan. Deferred loan origination fees are amortized using the interest method and are shown as a Deferred Inflow of Resources and on the Statement of Net Position.

P. Restricted Assets

The use of all cash, cash equivalents, and investments of the Enterprise Fund are generally restricted as to purpose and use by the Bond Declarations and Indentures of Trust. The bond program funds are restricted for acquisition of loans, payment of debt service, and payment of operating costs. Individual reserve accounts have been established to meet certain requirements and the balances of these accounts as of June 30, 2024 were sufficient to meet all legal requirements. When both restricted and unrestricted resources are available to use, it is OHCS D's policy to use restricted resources before using unrestricted resources.

Q. Operating Revenues and Expenses

Operating revenues include interest and fees on program loans as well as earnings on cash and investments related to OHCS D's loan programs. Since the principal activity of OHCS D's Enterprise Funds is lending and bond proceeds that have not yet been loaned and required bond reserves are invested, investment income is reported as operating revenue. Administrative expenses, depreciation and amortization of capital assets, and bond program related expenses are considered operating expenses. Nonoperating revenues and expenses include interest expense for pension-related debt, leases, and subscription-based information technology arrangements (SBITA).

NOTE 2. Cash and Cash Equivalents, Investments, and Securities Lending

Deposits

On June 30, 2024, the book balance of cash and cash equivalents was \$310,016,041 and the bank balance was \$310,965,999. Monies held in demand accounts with the State Treasurer and amounts in the Oregon Short-Term Fund totaled \$126,766,325. Additional information about the Oregon Short-Term Fund can be found at www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

The June 30, 2024 bank balance includes \$183,865,672 in money market mutual funds held at OHCS D's trustee. OHCS D considers money market mutual funds to be cash equivalents, not investments, and includes them in Cash and Cash Equivalents – Restricted on the Statement of Net Position. Information about OHCS D's money market mutual funds is included in the Investments section of this note.

A total of \$334,002 is held in money market deposit accounts by OHCS D's Bond Trustee as agent. These deposits are insured by FDIC up to \$250,000. Anything above \$250,000 is uninsured and uncollateralized. The uninsured and uncollateralized deposits are subject to custodial credit risk. Custodial credit risk is the risk that, in the event of a bank failure, deposits may not be returned.

OHCS D does not have a deposit policy.

Investments

OHCS D's Bond Indentures of Trust and investment policy authorize OHCS D to invest in the following types of investments: insured or registered securities explicitly or implicitly guaranteed by the U.S. Government; variable rate demand obligations of state agencies and Housing Finance Authorities outside of Oregon; and investment agreements, collateralized or uncollateralized, with institutions that are rated by nationally recognized rating agencies and rated at least equal to the initial rating on the bonds.

Investments with OHCS D's Trustee consisted of \$69,896,870 in U.S. Treasury securities, \$2,097,633 in Government National Mortgage Association (GNMA) mortgage-backed securities, \$51,471,144 in U.S. Agency securities, and \$183,865,672 in money market mutual funds. The investments are held by OHCS D's Bond Trustee in OHCS D's name.

Investments with the State Treasurer consisted of \$778,418 in U.S. Treasury Securities and \$435,449 in U.S. Agency securities. OHCS D's investments with the State Treasurer are held with the State Treasurer's agent in the name of the State of Oregon and segregated in the Treasurer's records in OHCS D's name.

Notes to the Financial Statements (Continued)
June 30, 2024

Fair value is categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of an investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. OHCS D's money market mutual funds are Level 1 and all other investments are Level 2.

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. OHCS D's investment policy specifies that, in order to mitigate interest rate risk, the investment portfolio shall be structured so that securities mature to meet cash requirements, limiting the need to sell securities on the open market before maturity. As of June 30, 2024, OHCS D had the following investments and maturities:

Investment Type	Credit Rating		Fair Value	Investment Maturities (in Years)			
	Moody's	Standard & Poor's		Less than 1	1-5	6-10	More than 10
U.S. Treasury securities	Exempt from Disclosure		\$ 70,675,288	\$ 69,896,870	\$ -	\$ -	\$ 778,418
GNMA	Exempt from Disclosure		2,097,633	-	-	-	2,097,633
U.S. Agency securities	Aaa	AA+	47,671,975	11,446,141	11,272,820	6,772,762	18,180,252
U.S. Agency securities	Not Rated	Not Rated	4,234,618	4,234,618	-	-	-
Subtotal			124,679,514	\$ 85,577,629	\$ 11,272,820	\$ 6,772,762	\$ 21,056,303
Money Market Mutual Funds **	Aaa-mf	AAAm	183,865,672				
Total			\$ 308,545,186				

** Included in Cash and Cash Equivalents - Restricted on the Statement of Net Position

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. According to OHCS D's investment policy, to mitigate credit risk, funds shall be invested in U.S. Treasury securities, securities backed by the U.S. Government, or variable rate demand obligations of state agencies and Housing Finance Authorities outside of Oregon. Investments in U.S. Treasury securities and GNMA are explicitly guaranteed by the U.S. government and are exempt from credit risk disclosure requirements.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. On June 30, 2024, 56.69% of OHCS D's total investments are U.S. Treasury securities, 15.81% are Federal Home Loan Bank securities, 10.64% are Federal Farm Credit Bank securities, 8.56% are Federal National Mortgage Association (Fannie Mae) securities, and 5.78% are Tennessee Valley Authority securities.

Securities Lending

In accordance with State of Oregon investment policies, state agencies may participate in securities lending. OHCS D is involved in securities lending only with cash balances invested in the Oregon Short-Term Fund (OSTF). As of June 30, 2024, amounts allocated to OHCS D's Enterprise Funds are as follows:

	Fair Value
Securites on loan	\$ 1,528,351
Securites lending cash and noncash collateral	\$ 1,559,550
Investments purchased with cash collateral	\$ 197,393

Securities on loan from the OSTF included U.S. Agency securities (87.39%) and domestic fixed income securities (12.61%). Additional information about the Oregon Short-Term Fund and securities lending can be found in the Oregon Short-Term Fund financial statements at www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/Pages/default.aspx.

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 3. Loans Receivable

Loans receivable on June 30, 2024 consisted of:

	Loans Receivable
Elderly and Disabled Housing Fund	\$ 37,075,025
Housing Finance Fund:	
Mortgage Revenue Bonds	930,527,059
Multifamily Housing Revenue Bonds	24,910,875
Housing Finance Account	2,914,134
Total Housing Finance Fund	958,352,068
Total	\$ 995,427,093

The Elderly and Disabled Housing Program provides interim and permanent mortgage financing for the construction, acquisition, or rehabilitation of structures or facilities which serve elderly or disabled persons and their families.

Mortgage Revenue Bonds provide financing for single-family homes for at or below median income home buyers. Loans are collateralized by first lien mortgages on the applicable real estate. Of the total mortgage principal balance outstanding on June 30, 2024, 58.55% is federally insured or guaranteed, 0.17% is covered by pool insurance and/or private mortgage insurance, and 41.28% is uninsured. Based on prior experience, OHCSO does not anticipate any material loss in the collection of mortgage loans receivable or in the disposition of acquired properties.

Multifamily Housing Revenue Bonds provide interim and permanent mortgage financing for the construction, acquisition, or rehabilitation of multi-family housing developments within the State that primarily contain housing units for persons or families of lower and moderate income.

Loans in the Housing Finance Account provide financing for the construction, acquisition and/or rehabilitation of affordable housing and down payment assistance loans for lower and moderate income home buyers in Oregon.

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 4. Capital Assets

A summary of OHCS's capital assets on June 30, 2024 is presented in the table below. OHCS has subscription-based information technology Arrangements (SBITA) but has no other outstanding debt related to capital assets:

	Elderly and Disabled Housing Fund				Housing Finance Fund			
	Beginning Balance	Increases	Decreases	Ending Balance	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets:								
Equipment	\$ 1,494	\$ -	\$ -	\$ 1,494	\$ 3,905	\$ -	\$ -	\$ 3,905
Software	26,370	-	-	26,370	151,416	-	9,225	142,191
Subtotal	27,864	-	-	27,864	155,321	-	9,225	146,096
Right To Use Assets:								
Leased Equipment	4,688	-	4,688	-	22,562	-	22,562	-
Subscription-Based IT Assets	-	33,158	-	33,158	-	643,084	-	643,084
Subtotal	4,688	33,158	4,688	33,158	22,562	643,084	22,562	643,084
Less Accumulated Depreciation/Amortization:								
Equipment	(896)	(150)	-	(1,046)	(2,344)	(390)	-	(2,734)
Software	(26,370)	-	-	(26,370)	(150,798)	(618)	(9,225)	(142,191)
Leased Equipment	(4,344)	(244)	(4,588)	-	(20,923)	(1,159)	(22,082)	-
Subscription-Based IT Assets	-	(11,126)	-	(11,126)	-	(222,432)	-	(222,432)
Total Accumulated Depr/Amort	(31,610)	(11,520)	(4,588)	(38,542)	(174,065)	(224,599)	(31,307)	(367,357)
Capital Assets, Net	<u>\$ 942</u>	<u>\$ 21,638</u>	<u>\$ 100</u>	<u>\$ 22,480</u>	<u>\$ 3,818</u>	<u>\$ 418,485</u>	<u>\$ 480</u>	<u>\$ 421,823</u>

NOTE 5. Transfers

In fiscal year 2024, \$7,500,000 was transferred to the Housing Finance Account from OHCS's general fund. The funds are to be used to make down payment assistance loans to lower and moderate income home buyers in Oregon.

NOTE 6. Lease and Subscription-based Information Technology Arrangements (SBITA) Obligations

Lease Obligations

OHCS had lease obligations for office equipment at the beginning of fiscal year 2024. The lease obligations reached their end date during the fiscal year and were not renewed. Equal monthly payments to the lessor were made for the life of the lease agreements.

Subscription-based Information Technology Arrangements (SBITA) Obligations

OHCS has entered into SBITAs to obtain the right to use various information technology assets instead of purchasing them. Annual payments to the lessors are to be made each lease year for the life of the agreements.

The SBITAs include variable payments which are not included in the calculation of the SBITA obligation. The variable payments are determined by evaluating the deliverables outlined in the SBITA agreement. Variable payments excluded from the obligation include fees based on the number of users. Additionally, the variable portion of a fee structure that bills beyond a certain amount based on volume is also excluded, while the fixed component of the fee is included in the obligation.

Notes to the Financial Statements (Continued)
June 30, 2024

The following table summarizes, as of June 30, 2024, the amounts needed to pay future SBITA principal and interest payments for each fiscal year:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 117,880	\$ 12,671	\$ 130,551
2026	123,467	9,471	132,938
2027	112,469	6,154	118,623
2028	118,004	3,150	121,154
Total	<u>\$ 471,820</u>	<u>\$ 31,446</u>	<u>\$ 503,266</u>

NOTE 7. Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Principal	\$ 953,780,000	\$ 228,560,000	\$ 90,930,000	\$ 1,091,410,000	\$ 73,635,000
Bond Principal (Direct Placements)	5,005,000	-	200,000	4,805,000	205,000
Bond Premium	18,156,798	2,158,707	3,758,510	16,556,995	
Bond Discount	(16,389)	-	(1,342)	(15,047)	
Bonds Payable	<u>976,925,409</u>	<u>230,718,707</u>	<u>94,887,168</u>	<u>1,112,756,948</u>	<u>73,840,000</u>
Compensated Absences Payable	584,963	459,730	517,155	527,538	342,900
Lease Obligations	2,022	-	2,022	-	-
SBITA Obligations	-	676,242	204,422	471,820	117,880
Arbitrage Rebate Liability	117,931	388,509	82,296	424,144	294,522
Pension-related Debt Payable	247,200	-	56,622	190,578	49,916
Net Pension Liability	8,343,213	2,710,543	1,547,728	9,506,028	-
Total OPEB Liability	<u>108,736</u>	<u>50,816</u>	<u>14,686</u>	<u>144,866</u>	<u>-</u>
Total Long Term Liabilities	<u>\$ 986,329,474</u>	<u>\$ 235,004,547</u>	<u>\$ 97,312,099</u>	<u>\$ 1,124,021,922</u>	<u>\$ 74,645,218</u>

NOTE 8. Pension-Related Debt

Prior to the formation of the PERS State and Local Government Rate Pool (SLGRP), the State and community colleges were pooled together in the State and Community College Pool (SCCP), while local government employers participated in the Local Government Rate Pool (LGRP). These two pools were combined to form the SLGRP effective January 1, 2002. The unfunded actuarial liability attributable to the SCCP at the time the SLGRP was formed is maintained separately from the SLGRP and is reduced by contributions and increased for interest charges at the assumed interest rate. The pre-SLGRP liability is essentially a debt owed to the SLGRP by the SCCP employers. The balance of the pre-SLGRP pooled liability attributable to the State is being amortized over the period ending December 31, 2027.

The following table summarizes the amounts necessary to pay OHCS D's share of future pension-related debt principal and interest requirements as of June 30, 2024 for each fiscal year until the final principal and interest payment are made in fiscal year 2028:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 49,916	\$ 12,304	\$ 62,220
2026	53,420	8,800	62,220
2027	57,170	5,050	62,220
2028	30,072	1,037	31,109
Total	<u>\$ 190,578</u>	<u>\$ 27,191</u>	<u>\$ 217,769</u>

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 9. Long-Term Debt

The following table summarizes outstanding bonds by program and series as of June 30, 2024:

General Obligation Bonds

Elderly and Disabled Housing Fund

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
1993 C	1994-2026	2.850	5.650%	\$ 13,915,000	\$ 855,000	\$ -	\$ 220,000	\$ 635,000	\$ 230,000
1994 B	1996-2026	4.200	6.300%	24,400,000	5,000	-	-	5,000	-
1995 A	1996-2026	4.000	6.000%	14,100,000	10,000	-	-	10,000	-
1995 B	1997-2027	4.000	5.700%	24,240,000	930,000	-	175,000	755,000	180,000
1997 A	1999-2028	4.050	5.375%	8,475,000	5,000	-	-	5,000	-
1998 B	2001-2030	3.550	4.875%	10,285,000	5,000	-	-	5,000	-
1999 B	2000-2031	3.350	5.250%	4,485,000	5,000	-	-	5,000	-
1999 E	2001-2031	5.000	6.250%	19,105,000	10,000	-	-	10,000	-
2001 C	2002-2032	2.700	5.300%	25,325,000	5,000	-	-	5,000	-
2002 B	2003-2024	1.400	4.700%	37,905,000	10,000	-	-	10,000	10,000
2002 C	2003-2043	1.600	5.050%	13,595,000	990,000	-	-	990,000	5,000
2007 A	2008-2048	3.650	4.750%	26,300,000	17,240,000	-	650,000	16,590,000	680,000
Subtotal					20,070,000	-	1,045,000	19,025,000	1,105,000
Direct Placements									
2003 C	2013-2034	4.350	5.100%	2,930,000	5,000	-	-	5,000	-
Subtotal					5,000	-	-	5,000	-
<i>Total General Obligation Bonds</i>					\$ 20,075,000	\$ -	\$ 1,045,000	\$ 19,030,000	\$ 1,105,000

Revenue Bonds

Mortgage Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2013 A	2020-2043	2.200	4.050%	\$ 21,885,000	\$ 6,360,000	\$ -	\$ 1,760,000	\$ 4,600,000	\$ 780,000
2013 B	2014-2034	0.450	5.000%	29,095,000	620,000	-	620,000	-	-
2013 C	2014-2033	0.350	3.564%	61,300,000	2,155,000	-	1,530,000	625,000	625,000
2013 D	2018-2043	1.650	4.200%	33,225,000	4,685,000	-	1,425,000	3,260,000	725,000
2013 F	2033	3.900	3.900%	8,335,000	4,445,000	-	-	4,445,000	-
2014 A	2019-2044	1.550	4.000%	57,710,000	18,660,000	-	2,500,000	16,160,000	2,380,000
2014 B	2015-2044	0.300	4.000%	29,960,000	1,410,000	-	660,000	750,000	750,000
2014 C	2015-2044	0.200	3.750%	30,900,000	9,730,000	-	1,060,000	8,670,000	500,000
2015 A	2019-2036	1.500	3.500%	79,195,000	7,665,000	-	3,765,000	3,900,000	2,320,000
2015 C	2045	***		33,600,000	33,600,000	-	-	33,600,000	-
2016 A	2017-2047	0.550	4.000%	56,275,000	7,080,000	-	3,125,000	3,955,000	1,455,000
2016 B	2033	***		13,140,000	13,140,000	-	-	13,140,000	-
2016 C	2037	***		15,000,000	15,000,000	-	-	15,000,000	-
2017 A	2018-2047	0.940	4.000%	81,510,000	15,985,000	-	5,140,000	10,845,000	2,400,000
2017 C	2039	***		44,000,000	41,605,000	-	-	41,605,000	3,340,000
2017 D	2022-2048	1.400	3.500%	87,390,000	40,080,000	-	4,675,000	35,405,000	3,065,000
2017 E	2018-2040	0.950	3.500%	22,775,000	4,310,000	-	1,245,000	3,065,000	565,000
2017 F	2042-2048	3.650	3.750%	11,440,000	6,450,000	-	-	6,450,000	-

Continued on the next page

Notes to the Financial Statements (Continued)
June 30, 2024

Revenue Bonds

Mortgage Revenue Bonds

Continued from the previous page

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2017 G	2018-2040	1.400	4.000%	43,730,000	15,800,000	-	2,055,000	13,745,000	925,000
2017 H	2023-2028	2.100	2.800%	16,105,000	14,820,000	-	2,565,000	12,255,000	2,620,000
2018 A	2019-2049	1.750	4.500%	62,590,000	29,250,000	-	5,455,000	23,795,000	3,220,000
2018 B	2035-2043	2.900	2.900%	30,000,000	16,080,000	-	-	16,080,000	-
2018 C	2020-2049	1.600	4.500%	87,420,000	42,060,000	-	5,170,000	36,890,000	2,305,000
2018 D	2020-2050	1.900	4.750%	82,885,000	41,550,000	-	7,390,000	34,160,000	4,315,000
2018 E	2043	***		41,000,000	41,000,000	-	-	41,000,000	-
2019 A	2020-2050	1.050	4.000%	99,000,000	79,710,000	-	6,425,000	73,285,000	4,660,000
2020 A	2021-2051	0.300	3.500%	47,905,000	33,260,000	-	4,710,000	28,550,000	2,555,000
2020 B	2037	***		24,500,000	24,500,000	-	-	24,500,000	-
2020 C	2021-2052	0.200	3.000%	60,000,000	55,670,000	-	4,365,000	51,305,000	1,990,000
2021 A	2022-2052	0.070	3.000%	99,000,000	96,780,000	-	3,875,000	92,905,000	2,525,000
2022 A	2025-2051	2.250	4.000%	77,900,000	77,215,000	-	2,045,000	75,170,000	2,395,000
2022 B	2023-2026	2.650	3.400%	7,000,000	7,000,000	-	2,000,000	5,000,000	2,000,000
2022 C	2024-2053	4.592	5.661%	24,810,000	24,810,000	-	480,000	24,330,000	1,210,000
2022 D	2047	***		21,000,000	21,000,000	-	-	21,000,000	-
2022 E	2023	3.625	3.625%	15,000,000	15,000,000	-	15,000,000	-	-
2023 A	2024-2053	2.800	5.500%	40,005,000	40,005,000	-	415,000	39,590,000	1,220,000
2023 B	2025-2036	4.724	5.482%	11,210,000	11,210,000	-	-	11,210,000	-
2023 C	2025-2053	5.295	6.250%	127,665,000	-	127,665,000	-	127,665,000	1,235,000
2023 D	2024	3.550	3.550%	20,000,000	-	20,000,000	-	20,000,000	20,000,000
2024 A	2025-2053	3.350	6.500%	38,690,000	-	38,690,000	-	38,690,000	-
2024 B	2025-2054	4.996	6.105%	42,205,000	-	42,205,000	-	42,205,000	-
Total Mortgage Revenue Bonds					\$ 919,700,000	\$ 228,560,000	\$ 89,455,000	\$ 1,058,805,000	\$ 72,080,000

*** Interest rates are adjusted weekly based on the weekly rate determined by the Remarketing Agent, not to exceed 12.00%. The interest rate at the end of the fiscal year was 3.93% for 2015 C; 3.86% for 2016 B; 3.88% for 2016 C and 2017 C; 3.90% for 2018 E and 2020 B; and 5.45% for 2022 D.

Multifamily Housing Revenue Bonds

Original Issue					Bonds Outstanding				Due Within One Year
Series	Due Dates	Interest Range		Amount	Beginning Balance	Increases	Decreases	Ending Balance	
2005 A	2007-2047	3.050	5.000%	9,855,000	\$ 305,000	\$ -	\$ 10,000	\$ 295,000	\$ 10,000
2010 A	2011-2042	0.900	5.150%	77,705,000	3,095,000	-	145,000	2,950,000	155,000
2010 B	2013-2052	0.950	4.875%	16,425,000	8,205,000	-	135,000	8,070,000	140,000
2012 A	2013-2032	0.300	3.250%	1,425,000	780,000	-	70,000	710,000	75,000
2012 B	2013-2043	0.550	4.125%	35,335,000	1,625,000	-	70,000	1,555,000	70,000
Subtotal					14,010,000	-	430,000	13,580,000	450,000
Direct Placements									
2004 A	2014-2045	4.300	5.100%	5,120,000	3,700,000	-	90,000	3,610,000	90,000
2006 A	2036	4.620	4.620%	5,680,000	1,300,000	-	110,000	1,190,000	115,000
Subtotal					5,000,000	-	200,000	4,800,000	205,000
Total Multifamily Housing Revenue Bonds					\$ 19,010,000	\$ -	\$ 630,000	\$ 18,380,000	\$ 655,000
Total Revenue Bonds					\$ 938,710,000	\$ 228,560,000	\$ 90,085,000	\$ 1,077,185,000	\$ 72,735,000
Total General Obligation and Revenue Bonds					\$ 958,785,000	\$ 228,560,000	\$ 91,130,000	\$ 1,096,215,000	\$ 73,840,000

Notes to the Financial Statements (Continued)
June 30, 2024

Bonds Payable

Bonds payable are presented on the Statement of Net Position at their carrying value. The carrying value is the outstanding bond principal plus unamortized bond premium less unamortized bond discount. Bonds payable balances on June 30, 2024 are summarized below:

	Principal	Principal (Direct Placements)	Premium	Discount	Bonds Payable
General Obligation Bonds:					
Elderly and Disabled Housing Fund	\$ 19,025,000	\$ 5,000	\$ -	\$ (1,169)	\$ 19,028,831
Revenue Bonds (Housing Finance Fund):					
Mortgage Revenue Bonds	1,058,805,000	-	16,556,995	-	1,075,361,995
Multifamily Housing Revenue Bonds	13,580,000	4,800,000	-	(13,878)	18,366,122
Total Revenue Bonds	1,072,385,000	4,800,000	16,556,995	(13,878)	1,093,728,117
Total General Obligation and Revenue Bonds	\$ 1,091,410,000	\$ 4,805,000	\$ 16,556,995	\$ (15,047)	\$ 1,112,756,948

Debt Service Requirements to Maturity

The following table summarizes the amounts necessary to pay all future bonded debt principal and interest requirements as of June 30, 2024 for each of the next five fiscal years and in five year increments thereafter:

Fiscal Year Ending June 30	Bonds				
	Principal	Interest	Direct Placements		Total
			Principal	Interest	
General Obligation Bonds					
2025	\$ 1,105,000	\$ 881,471	\$ -	\$ 255	\$ 1,986,726
2026	1,155,000	825,779	-	255	1,981,034
2027	1,160,000	768,901	-	255	1,929,156
2028	995,000	716,985	-	255	1,712,240
2029	845,000	673,886	-	255	1,519,141
2030-2034	4,940,000	2,734,702	-	1,275	7,675,977
2035-2039	6,340,000	1,439,094	5,000	127	7,784,221
2040-2044	1,710,000	345,187	-	-	2,055,187
2045-2049	775,000	85,619	-	-	860,619
Subtotal	\$ 19,025,000	\$ 8,471,624	\$ 5,000	\$ 2,677	\$ 27,504,301
Revenue Bonds					
2025	\$ 72,530,000	\$ 39,393,729	\$ 205,000	\$ 235,379	\$ 112,364,108
2026	32,930,000	39,868,906	220,000	225,359	73,244,265
2027	32,895,000	38,939,659	290,000	214,122	72,338,781
2028	32,705,000	37,982,936	305,000	200,084	71,193,020
2029	33,510,000	36,982,232	315,000	185,460	70,992,692
2030-2034	179,670,000	166,679,186	905,000	776,205	348,030,391
2035-2039	201,740,000	131,569,085	1,040,000	527,495	334,876,580
2040-2044	194,755,000	92,971,101	1,125,000	263,543	289,114,644
2045-2049	170,315,000	54,158,018	395,000	20,272	224,888,290
2050-2054	119,815,000	14,306,674	-	-	134,121,674
2055-2059	1,520,000	46,398	-	-	1,566,398
Subtotal	\$ 1,072,385,000	\$ 652,897,924	\$ 4,800,000	\$ 2,647,919	\$ 1,732,730,843
Total	\$ 1,091,410,000	\$ 661,369,548	\$ 4,805,000	\$ 2,650,596	\$ 1,760,235,144

Notes to the Financial Statements (Continued)

June 30, 2024

The interest stated in the previous table includes coupon interest OHCSO expects to pay over the life of the bonds outstanding. Coupon interest for revenue bonds is paid semiannually on January 1 and July 1. Coupon interest for general obligation bonds is paid February 1 and August 1.

The Mortgage Revenue Bond indenture identifies the following events that would lead to a default; payment of principal is not made when due, payment of interest is not made when due, or OHCSO defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 90 days after written notice for remedy has been provided to OHCSO by the Trustee. The Trustee may give such notice at their discretion or at the written request of the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default does occur for Mortgage Revenue Bonds the Trustee may, or upon the written direction of the owners of not less than 51% of the bonds outstanding the Trustee shall, declare via written notice to OHCSO that any principal and interest related to that bond is due and payable immediately.

The Multifamily Housing Revenue Bond indenture identifies the following events that would lead to a default; payment of principal is not made when due, payment of interest is not made when due, or OHCSO defaults in the performance of any other covenants or agreements included in the bond or indenture and such default continues for 60 days after written notice for remedy has been provided to OHCSO by the Trustee, or written notice provided to OHCSO and the Trustee by the owners of not less than 25% in aggregate of the principal amount of the outstanding bonds.

If a default does occur for Multifamily Housing Revenue Bond the Trustee may, or upon the written direction of the owners of not less than 25% of the bonds outstanding the Trustee shall, proceed, in its own name, to protect and enforce the rights of the bond owners. Protecting and enforcing the rights of the bond owners could include declaring all outstanding bonds due and payable.

As of June 30, 2024, various statutory or constitutional provisions limited the amount of bonds outstanding to \$2,500,000,000 in revenue bonds and \$5,116,158,652 in general obligation bonds.

Demand Bonds

Included in OHCSO's long-term debt is \$189,845,000 in variable rate demand bonds. OHCSO's variable rate demand bonds are remarketed weekly by a remarketing agent. Bondholders may elect to tender their bonds by providing written notice to the remarketing agent as specified in the Official Statement for the series. On the date that bonds are tendered, the remarketing agent will use its best effort to sell the bonds or may purchase the bonds for its own account.

OHCSO has entered into standby bond purchase agreements with State Street Bank and Trust Company and U.S. Bancorp Investments, Inc., together with U.S. Bank Municipal Products Group, a division of U.S. Bank National Association and a standby letter of credit and reimbursement agreement with Sumitomo Mitsui Banking Corporation (the "liquidity facilities") to provide liquidity in the event that the remarketing agent is unable to sell the tendered bonds and does not choose to buy the bonds for its own account. The liquidity facilities require the liquidity provider to provide funds for the purchase of the tendered bonds. On the purchase date the bonds become known as liquidity provider bonds or bank bonds and bear interest at the bank rate in accordance with the relevant liquidity facility. The maximum rate for the liquidity facilities is 12%. The bonds remain bank bonds until they are sold by the remarketing agent or the remarketing agent purchases them for its own account. If the bonds are not remarketed or purchased by the remarketing agent for its own account, mandatory redemption installments are to be paid commencing on the first business day of the eighteenth full month following the date the bonds became liquidity provider bonds in an amount equal to three-tenths of the initial amount of the liquidity provider bonds outstanding, with seven semiannual installments due thereafter in an amount equal to one-tenth of the initial amount of liquidity provider bonds outstanding. There were no bank bonds on June 30, 2024.

Notes to the Financial Statements (Continued)
June 30, 2024

Certain terms of the liquidity facilities and remarketing agreements are listed in the following table:

Series	Outstanding Amount	Liquidity Provider	Expiration Date	Commitment Fee	Remarketing Agent	Remarketing Fee
MRB* 2015 C	\$ 33,600,000	Sumitomo Mitsui Banking Corporation	01/27/2025	0.2700%	J.P. Morgan Securities LLC	0.07%
MRB 2016 B	13,140,000	State Street Bank and Trust Company	01/26/2025	0.3000%	Bank of America Securites, Inc.	0.07%
MRB 2016 C	15,000,000	State Street Bank and Trust Company	01/26/2025	0.3000%	Bank of America Securites, Inc.	0.07%
MRB 2017 C	41,605,000	State Street Bank and Trust Company	01/26/2027	0.3300%	J.P. Morgan Securities LLC	0.07%
MRB 2018 E	41,000,000	Sumitomo Mitsui Banking Corporation	01/27/2025	0.2700%	Bank of America Securites, Inc.	0.07%
MRB 2020 B	24,500,000	Sumitomo Mitsui Banking Corporation	01/27/2027	0.3100%	Bank of America Securites, Inc.	0.07%
MRB 2022 D	21,000,000	U.S. Bank National Association	10/27/2027	0.2200%	**	0.07%

* Mortgage Revenue Bonds

** U.S. Bancorp Investments, Inc., together with U.S. Bank Municipal Products Group, a division of U.S. Bank National Association

NOTE 10. Interest Rate Swaps

OHCS D has entered into pay-fixed, receive-variable interest rate swaps to hedge against changes in variable rate interest and to lower borrowing costs compared to fixed-rate bonds. OHCS D had seven swaps at the end of the fiscal year.

The fair values were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. This methodology is believed to be consistent with accepted practice in the market for interest rate swaps. The fair value is categorized as Level 2 within the fair value hierarchy described in Note 2.

The fair value of the swaps on June 30, 2024 totaled \$19,708,839 and the notional amount totaled \$192,240,000. The fair value of hedging derivatives totaled \$19,603,929. Hedging derivative instrument swaps with positive fair values are shown on the Statement of Net Position as Swap Fair Value Asset and Accumulated Increase in Fair Value of Hedging Derivatives. During the fiscal year the fair value of hedging derivatives increased by \$2,761,770.

A portion of the MRB 2017 C swap was reclassified from hedging derivative instruments to other derivative instruments in a prior fiscal year when the associated bonds were called (OHCS D's other derivative instrument was classified as an investment derivative instrument before the implementation of Statement No. 99 of the Governmental Accounting Standards Board in fiscal year 2024). The fair value of the other derivative instrument on June 30, 2024 was \$104,910. During the fiscal year the fair value of the other derivative instrument increased by \$14,749.

Notes to the Financial Statements (Continued)
June 30, 2024

The following table lists the terms, fair values, counterparty, and credit ratings of the outstanding swaps as of June 30, 2024:

Series	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values	Swap Termination Date	Counterparty	Counterparty Rating **
<u>Hedging Derivative Instruments</u>								
MRB* 2015 C	\$ 33,600,000	9/6/2018	2.751%	70.0% of SOFR [@] +.130136%	\$ 2,502,813	7/1/2045	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2016 B	13,140,000	1/1/2019	1.710%	66.5% of SOFR +.1561292%	870,439	1/1/2033	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2016 C	15,000,000	1/1/2019	2.000%	66.5% of SOFR +.2261292%	1,361,280	7/1/2037	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2017 C	41,605,000	7/1/2019	2.407%	70.0% of SOFR +.130136%	1,822,449	7/1/2039	Bank of America, N.A.	Aa1 / A+ / AA
MRB 2018 E	41,000,000	5/4/2020	1.120%	@@	8,338,827	7/1/2043	Bank of America, N.A.	Aa1 / A+ / AA
MRB 2020 B	24,500,000	7/13/2020	0.899%	@@@	3,697,960	7/1/2037	Royal Bank of Canada	Aa1 / AA- / AA-
MRB 2022 D	21,000,000	10/27/2022	4.417%	100% of SOFR + 0.15%	1,010,161	7/1/2047	Royal Bank of Canada	Aa1 / AA- / AA-
	189,845,000				19,603,929			
<u>Other Derivative Instruments</u>								
MRB 2017 C	2,395,000	7/1/2019	2.407%	70.0% of SOFR +.130136%	104,910	7/1/2039	Bank of America, N.A.	Aa1 / A+ / AA
	2,395,000				104,910			
	<u>\$ 192,240,000</u>				<u>\$ 19,708,839</u>			

* Mortgage Revenue Bonds

** Moody's / S&P / Fitch

@ Secured Overnight Financing Rate

@@ USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to, but excluding, January 1, 2028 and 70% of SOFR + .080136% thereafter.

@@@ USD SIFMA (Securities Industry and Financial Markets Association) Municipal Swap Index from the Effective Date weekly to, but excluding, July 1, 2026 and 70% of SOFR + .080136% thereafter.

The swaps include options giving OHCS D the right to call (cancel) the swaps in whole or in part, depending on the exercise date, semiannually on or after July 1, 2023 (2016 B and 2016 C), January 1, 2025 (2015 C), July 1, 2026 (2017 C and 2020 B), January 1, 2028 (2018 E), and January 1, 2031 (2022 D). These options provide flexibility to manage the prepayments of loans and the related bonds.

Basis Risk Basis risk is the risk that arises when variable interest rates on a derivative instrument and the associated bond are based on different indexes. All variable interest rates on OHCS D's tax exempt bonds are determined weekly by a Remarketing Agent. OHCS D is exposed to basis risk when the variable rates received, which are based on the SOFR rate or the SIFMA rate, do not offset the variable rates paid on the bonds. As of June 30, 2024, the SOFR rate was 5.44969% and the SIFMA rate was 3.88%. OHCS D's variable interest rates as of June 30, 2024 can be found in Note 9.

Termination Risk Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. OHCS D or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the swap agreement. If any of the swaps are terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates and OHCS D would then be exposed to interest rate risk. Also, if any of the swaps had a negative value at termination, OHCS D would be liable to the counterparty for a payment equal to the fair value of the swap.

Rollover Risk Rollover risk is the risk that occurs when the swap termination date does not extend to the maturity date of the associated debt. OHCS D is not exposed to rollover risk because the swap termination dates match the associated bond maturity dates.

Notes to the Financial Statements (Continued)
June 30, 2024

Hedging Derivative Instrument Payments and Hedged Debt Using rates as of June 30, 2024, the following table summarizes the debt service requirements of variable-rate debt with interest rate swaps and the net swap payments for each of the next five fiscal years and in five year increments thereafter:

Fiscal Year Ending June 30	Variable-Rate Bonds		Net Swap Payments	
	Principal	Interest	(Receipts)	Total
2025	\$ 3,340,000	\$ 7,351,055	\$ (3,816,865)	\$ 6,874,190
2026	4,010,000	7,554,443	(4,129,930)	7,434,513
2027	4,120,000	7,397,779	(4,036,000)	7,481,779
2028	4,240,000	7,236,749	(3,891,200)	7,585,549
2029	4,680,000	7,071,289	(3,789,994)	7,961,295
2030-2034	41,310,000	31,188,678	(16,575,727)	55,922,951
2035-2039	67,460,000	20,392,676	(10,536,018)	77,316,658
2040-2044	47,915,000	8,313,857	(4,133,960)	52,094,897
2045-2049	12,770,000	974,552	(498,983)	13,245,569
Total	<u>\$ 189,845,000</u>	<u>\$ 97,481,078</u>	<u>\$ (51,408,677)</u>	<u>\$ 235,917,401</u>

Contingencies OHCS D's swaps include provisions that require collateral to be posted if the rating on the senior bonds issued under the 1988 indenture (Mortgage Revenue Bonds) is not above either Baa1 as determined by Moody's or BBB+ as determined by Standard and Poor's. If the bonds are at or below these levels, collateral in the amount of the current swap fair value (rounded to the nearest \$10,000) is required to be posted. The minimum transfer amount is \$100,000 or \$0 if neither rating agency rates the bonds. The total fair value on June 30, 2024 of swaps that include these provisions is \$19,708,839. As of June 30, 2024 the bonds subject to these provisions are rated Aa2 by Moody's and are not rated by Standard & Poor's.

NOTE 11. Conduit Debt Obligations

OHCS D issues conduit debt to facilitate the building of multifamily affordable housing. Bonds issued under the Housing Development Revenue Bond program are limited obligations of OHCS D payable only out of the trust estate specifically pledged to each bond issue. As of June 30, 2024, the total aggregate amount of Housing Development Revenue Bonds outstanding is \$1,354,395,538. No recourse may be taken against any properties, funds, or assets of OHCS D for the payment of any amounts owing with respect to these bonds. Bond owners will have no right to compel the payment of any amount owing with respect to these bonds out of any tax revenues, funds, or other assets of OHCS D or the State of Oregon, other than the security pledged to each bond issue.

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 12. Segment Information

OHCSO issues revenue bonds to finance mortgage loans. Summary financial information for OHCSO's revenue bonds is presented below:

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds
Condensed Statement of Net Position		
Assets:		
Current Assets	\$ 137,997,417	\$ 3,376,479
Noncurrent Assets	1,084,222,782	53,758,041
Total Assets	1,222,220,199	57,134,520
Deferred Outflows of Resources	269,980	39,472
Liabilities:		
Current Liabilities	91,892,861	1,091,683
Noncurrent Liabilities	1,003,411,617	17,711,122
Total Liabilities	1,095,304,478	18,802,805
Deferred Inflows of Resources	23,412,159	194,926
Net Position		
Restricted by Trust Indentures	103,773,542	38,176,261
Total Net Position	\$ 103,773,542	\$ 38,176,261
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Interest on Loans	\$ 35,609,094	\$ 1,531,758
Investment Income	9,750,143	1,515,471
Other Operating Revenues	3,295,928	-
Operating Expenses	(38,967,241)	(942,822)
Operating Income	9,687,924	2,104,407
Transfers In	105,000	-
Transfers Out	(2,000,000)	-
Increase (Decrease) in Net Position	7,792,924	2,104,407
Beginning Net Position	95,980,618	36,071,854
Ending Net Position	\$ 103,773,542	\$ 38,176,261
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	\$ (59,718,558)	\$ 3,090,906
Noncapital Financing Activities	109,039,248	(1,508,595)
Investing Activities	(44,310,736)	1,535,215
Net Increase (Decrease)	5,009,954	3,117,526
Beginning Cash and Cash Equivalents	160,519,414	25,963,112
Ending Cash and Cash Equivalents	\$ 165,529,368	\$ 29,080,638

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 13. Restricted Assets

Restricted asset account balances are as follows:

Purpose:	Elderly and Disabled Housing Fund	Housing Finance Fund
Loan Acquisition	\$ -	\$ 111,778,307
Current Debt Service	1,986,726	108,547,244
Future Debt Service	60,474,718	23,570,063
Debt Reserves	5,131,264	30,881,566
Insurance Reserves	-	23,112,934
Combined Program Account	-	20,519,541
Residential Assistance	-	206,511
Total	<u>\$ 67,592,708</u>	<u>\$ 318,616,166</u>
Statement of Net Position Amounts:		
Restricted Cash and Cash Equivalents – Current	\$ 1,986,726	\$ 95,854,037
Restricted Cash and Cash Equivalents – Noncurrent	64,392,115	99,296,482
Restricted Investments – Current	-	12,651,998
Restricted Investments - Noncurrent	1,213,867	110,813,649
Total	<u>\$ 67,592,708</u>	<u>\$ 318,616,166</u>

NOTE 14. Employee Retirement Plans

The Oregon Public Employees Retirement System (PERS) provides defined benefit and defined contribution retirement plans for OHCS D employees. PERS is administered by the Public Employees Retirement Board as required by Chapters 238 and 238A of the Oregon Revised Statutes (ORS). PERS is a cost-sharing multiple-employer defined benefit pension plan. The Tier One/Tier Two Retirement Benefit Plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Oregon Public Service Retirement Plan (OPSRP), established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. The Individual Account Program (IAP) is a defined contribution plan. Beginning January 1, 2004, member contributions are deposited into the member's IAP account. The pension plans provide pension benefits, death benefits and disability benefits.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The rates in effect for the fiscal year ended June 30, 2024 were 21.78% for Tier One and Tier Two General Service Members and 18.28% for OPSRP Pension Program General Service Members.

The Oregon Public Employees Retirement System annual financial report and Actuarial Valuation is located at www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

At June 30, 2024, the State of Oregon reported a liability of \$5.6 billion for its proportionate share of the net pension liability. The State's proportion of the net pension liability was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the State's proportion was 30.23% (the State's proportion at June 30, 2023 was 27.77%). The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.17008419% of the State's proportionate share. OHCS D's allocated amount of the proportionate share of the net pension liability at the measurement date for its enterprise funds was \$9,506,028. For the year ended June 30, 2024, OHCS D recognized pension expense of \$582,241.

Notes to the Financial Statements (Continued)
June 30, 2024

At June 30, 2024, OHCS D reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 1,041,841	\$ 707,648
Difference between expected and actual experience	464,874	37,692
Net difference between projected and actual earnings on investments	170,862	-
Changes in Assumptions	844,459	6,296
Subtotal	2,522,036	751,636
Net Deferred Outflows (Inflows) of Resources before contributions subsequent to measurement date	1,770,400	
Contributions subsequent to measurement date	1,274,298	
Net Deferred Outflows (Inflows) of Resources	3,044,698	

NOTE 15. Other Postemployment Benefit Plans

OHCS D's employees may be eligible to participate in health insurance plans and other benefit plans after retirement, collectively known as Other Postemployment Benefits (OPEB). OPEB plans are offered through the Public Employees Retirement System (PERS) as established by Oregon Revised Statutes (ORS) 238.410 and the Public Employees Benefit Board (PEBB) as established by ORS 243.302. The Oregon Public Employees Retirement System annual financial report is located at www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

At June 30, 2024, OHCS D reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between fund contributions and proportionate share of contributions	\$ 3,067	\$ 596
Difference between expected and actual experience	42	44,136
Net difference between projected and actual earnings on investments	1,694	-
Change in Assumptions	3,086	57,758
Subtotal	7,889	102,490
Net Deferred Outflows (Inflows) of Resources	(94,601)	

Retirement Health Insurance Account plan

The Retirement Health Insurance Account (RHIA) is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees Retirement Board. The plan provides a payment of up to \$60 toward the monthly cost of health insurance for eligible PERS members. OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. The rate in effect for Tier One and Tier Two General Service Members and for OPSRP Pension Program General Service Members for the fiscal year ended June 30, 2024 was zero.

At June 30, 2024, the State of Oregon reported an asset of \$125.9 million for its proportionate share of the net OPEB asset. The State's proportion of the net OPEB asset is determined by comparing the State's actual, legally required contributions made during the fiscal year with the total actual contributions made in the fiscal year of all employers. At June 30, 2023, the State's proportion was 35.68% (the State's proportion at June 30, 2022 was 34.85%). The net OPEB asset was measured as of June 30, 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as

Notes to the Financial Statements (Continued)
June 30, 2024

of December 31, 2021. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.11133879 % of the State's proportionate share. OHCS D's allocated amount of the proportionate share of the net OPEB asset at the measurement date for its enterprise funds was \$140,176. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2024, OHCS D recognized OPEB income of \$7,336 for RHIA.

Retiree Health Insurance Premium Account plan

The Retiree Health Insurance Premium Account (RHIP A) is a single-employer OPEB plan administered by the Oregon Public Employees Retirement Board (Board). The plan provides for payment of the average difference between the health insurance premiums paid by retired state employees, under contracts entered into by the Board, and health insurance premiums paid by active state employees. OHCS D is required by statute to contribute actuarially computed amounts as determined by PERS. The rate in effect for Tier One and Tier Two General Service Members and for OPSRP Pension Program General Service Members for the fiscal year ended June 30, 2024 was zero.

At June 30, 2024, the State of Oregon reported a net OPEB asset of \$44.1 million. The net OPEB asset was measured as of June 30, 2023 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2021. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.14375386 % of the State's internal allocation, which was based on fiscal year 2023 actual contributions. OHCS D's share of the net OPEB asset for the RHIP A plan on June 30, 2024 for its enterprise funds was \$63,348. It is shown on the Statement of Net Position as Net Other Postemployment Benefits Asset. For the year ended June 30, 2024, OHCS D recognized OPEB income of \$8,814 for RHIP A.

Public Employees' Benefit Board Plan

The Public Employees' Benefit Board (PEBB) plan is a single-employer plan administered by the Oregon Public Employees' Benefit Board. The PEBB plan allows qualifying retired employees to continue their "active" health insurance coverage on a self-pay basis until they are eligible for Medicare. Participating retirees pay their own monthly premiums. The premium amount is based on a blended rate that is determined by pooling the qualifying retirees with active employees, thus, creating an "implicit" rate subsidy. PEBB does not issue a separate, publicly available financial report.

At June 30, 2024, the State of Oregon reported a total OPEB liability of \$108.1 million. As part of the State of Oregon, OHCS D's enterprise funds were allocated 0.13403159% of the State's total. The State's internal allocation of the total OPEB liability is based on fiscal year 2024 health insurance premium costs. The total OPEB liability is based upon an actuarial valuation performed as of July 1, 2022. OHCS D's share of the total OPEB liability for its enterprise funds on June 30, 2024 was \$144,866. It is shown on the Statement of Net Position as Total Other Postemployment Benefits Liability (PEBB). For the year ended June 30, 2024, OHCS D recognized OPEB expense of \$50,774 for the PEBB plan.

NOTE 16. Other Commitments

As of June 30, 2024, OHCS D had made commitments for personal services contracts totaling \$736,250 and for loans in the Single-Family Mortgage Program totaling \$45,633,678.

Notes to the Financial Statements (Continued)
June 30, 2024

NOTE 17. Risk Financing

The State or Oregon Department of Administrative Services directs and manages all risk management and insurance programs of state government except for employee benefit insurance programs. The state uses both self-insurance and commercial insurance policies to insure its risk of loss.

For more information about risk financing, see the Risk Financing note in the State of Oregon Annual Comprehensive Financial Report found at www.oregon.gov/DAS/Financial/Acctng/pages/index.aspx.

NOTE 18. Subsequent Events

On July 1, 2024, OHCS D called the following Mortgage Revenue Bonds prior to maturity:

	<u>Amount Called</u>		<u>Amount Called</u>
2013 Series A	\$ 220,000	2018 Series C	\$ 1,220,000
2013 Series C	570,000	2018 Series D	2,765,000
2014 Series A	755,000	2019 Series A	2,430,000
2014 Series B	750,000	2020 Series A	480,000
2015 Series A	2,320,000	2020 Series C	340,000
2016 Series A	1,455,000	2022 Series A	1,335,000
2017 Series A	2,400,000	2022 Series C	490,000
2017 Series D	1,355,000	2023 Series A	360,000
2017 Series E	565,000	2023 Series C	355,000
2017 Series G	925,000	2023 Series D	20,000,000
2018 Series A	2,020,000		

[THIS PAGE INTENTIONALLY LEFT BLANK]

Supplementary Information

Oregon Housing & Community Services Department
Combining Statement of Net Position - Housing Finance Fund
June 30, 2024

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds	Combined Program Account
<i>Assets and Deferred Outflows of Resources</i>			
Assets			
<i>Current Assets</i>			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted	94,346,696	1,507,341	-
Investments - Restricted	12,651,998	-	-
Securities Lending Cash Collateral	9,923	7,008	-
Accounts Receivable	29,143	-	-
Accrued Interest Receivable	5,951,339	131,424	184,215
Due from Governmental Funds	-	-	-
Loans Receivable	24,819,323	1,730,706	-
Acquired Property	188,995	-	-
<i>Total Current Assets</i>	137,997,417	3,376,479	184,215
<i>Noncurrent Assets</i>			
Cash and Cash Equivalents - Restricted	71,182,672	27,573,297	334,002
Investments - Restricted	87,623,535	3,004,575	20,185,539
Loans Receivable	905,707,736	23,180,169	-
Swap Fair Value Asset	19,603,929	-	-
Other Derivative Instruments	104,910	-	-
Net Other Postemployment Benefits Asset	-	-	-
Capital Assets (Net)	-	-	-
<i>Total Noncurrent Assets</i>	1,084,222,782	53,758,041	20,519,541
Total Assets	1,222,220,199	57,134,520	20,703,756
<i>Deferred Outflows of Resources</i>			
Loss on Debt Refundings	269,980	39,472	-
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Outflows of Resources	269,980	39,472	-
Total Assets and Deferred Outflows of Resources	\$1,222,490,179	\$ 57,173,992	\$ 20,703,756

Housing Finance Account	Total
\$ 47,698,036	\$ 47,698,036
-	95,854,037
-	12,651,998
75,695	92,626
347,524	376,667
28,772	6,295,750
185,002	185,002
75,664	26,625,693
-	188,995
<u>48,410,693</u>	<u>189,968,804</u>
206,511	99,296,482
-	110,813,649
2,838,470	931,726,375
-	19,603,929
-	104,910
173,314	173,314
421,823	421,823
<u>3,640,118</u>	<u>1,162,140,482</u>
<u>52,050,811</u>	<u>1,352,109,286</u>
-	309,452
3,356,548	3,356,548
6,882	6,882
<u>3,363,430</u>	<u>3,672,882</u>
<u>\$ 55,414,241</u>	<u>\$1,355,782,168</u>

Continued on the next page

Oregon Housing & Community Services Department
Combining Statement of Net Position - Housing Finance Fund
June 30, 2024

Continued from the previous page

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds	Combined Program Account
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts Payable	\$ 662,638	\$ 188	\$ -
Accrued Interest Payable	18,828,418	429,487	-
Obligations Under Securities Lending	9,923	7,008	-
Due to Governmental Funds	-	-	-
Unearned Revenue	17,360	-	-
Compensated Absences Payable	-	-	-
Subscription-Based IT Arrangement Obligations	-	-	-
Bonds Payable	72,080,000	655,000	-
Arbitrage Rebate Liability	294,522	-	-
Pension-related Debt Payable	-	-	-
Total Current Liabilities	91,892,861	1,091,683	-
Noncurrent Liabilities			
Compensated Absences Payable	-	-	-
Subscription-Based IT Asset Obligations	-	-	-
Bonds Payable	1,003,281,995	17,711,122	-
Arbitrage Rebate Liability	129,622	-	-
Pension-related Debt Payable	-	-	-
Net Pension Liability	-	-	-
Total Other Postemployment Benefits Liability	-	-	-
Total Noncurrent Liabilities	1,003,411,617	17,711,122	-
Total Liabilities	1,095,304,478	18,802,805	-
Deferred Inflows of Resources			
Accumulated Increase in Fair Value of Hedging Derivatives	19,603,929	-	-
Gain on Debt Refundings	3,623	-	-
Deferred Loan Origination Fees	3,804,607	194,926	-
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Total Deferred Inflows of Resources	23,412,159	194,926	-
Net Position			
Net Investment in Capital Assets	-	-	-
Restricted for Residential Assistance	-	-	-
Restricted for Other Postemployment Benefits	-	-	-
Restricted by Trust Indentures	103,773,542	38,176,261	20,703,756
Unrestricted	-	-	-
Total Net Position	103,773,542	38,176,261	20,703,756
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$1,222,490,179	\$ 57,173,992	\$ 20,703,756

Housing Finance Account	Total
\$ 340,908	\$ 1,003,734
-	19,257,905
75,695	92,626
319,526	319,526
326,186	343,546
311,490	311,490
110,872	110,872
-	72,735,000
-	294,522
39,025	39,025
<u>1,523,702</u>	<u>94,508,246</u>
167,725	167,725
339,469	339,469
-	1,020,993,117
-	129,622
109,969	109,969
8,157,757	8,157,757
133,872	133,872
<u>8,908,792</u>	<u>1,030,031,531</u>
<u>10,432,494</u>	<u>1,124,539,777</u>
-	19,603,929
-	3,623
-	3,999,533
645,029	645,029
92,384	92,384
<u>737,413</u>	<u>24,344,498</u>
(28,519)	(28,519)
1,158,463	1,158,463
173,314	173,314
-	162,653,559
42,941,076	42,941,076
<u>44,244,334</u>	<u>206,897,893</u>
<u>\$ 55,414,241</u>	<u>\$1,355,782,168</u>

Oregon Housing & Community Services Department
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Housing Finance Fund
For the Year Ended June 30, 2024

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds	Combined Program Account
Operating Revenues			
Interest on Loans	\$ 35,609,094	\$ 1,531,758	\$ -
Investment Income	9,750,143	1,515,471	942,217
Other Derivative Income	62,726	-	-
Administrative Charges and Fees	-	-	-
Low Income Housing Tax Credit Fees	-	-	-
Gain on Sale of Foreclosed Property	204,615	-	-
Gain (Loss) on Debt Extinguishment	3,024,206	-	-
Miscellaneous Revenue	4,381	-	-
Total Operating Revenues	48,655,165	3,047,229	942,217
Operating Expenses			
Personal Services	-	-	-
Services and Supplies	299,605	63,032	-
Mortgage Service Fees	3,325,609	4,670	-
Foreclosure Costs	80,342	-	-
Interest Expense - Bonds	31,664,911	874,246	-
Interest Expense - Securities Lending	4,365	874	-
Other Related Program Expenses	3,592,409	-	-
Depreciation/Amortization	-	-	-
Total Operating Expenses	38,967,241	942,822	-
Operating Income (Loss)	9,687,924	2,104,407	942,217
Nonoperating Revenues (Expenses)			
Interest Expense - Pension-related Debt	-	-	-
Interest Expense - Leased Assets	-	-	-
Interest Expense - Subscription-Based IT Assets	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income (Loss) Before Transfers	9,687,924	2,104,407	942,217
Transfers from Other Funds	105,000	-	-
Transfers to Other Funds	(2,000,000)	-	-
Transfers to Other State Agencies	-	-	-
Increase (Decrease) in Net Position	7,792,924	2,104,407	942,217
Net Position - Beginning	95,980,618	36,071,854	19,761,539
Net Position - Ending	\$ 103,773,542	\$ 38,176,261	\$ 20,703,756

Housing Finance Account	Total	
\$ 58,876	\$ 37,199,728	
2,297,288	14,505,119	
-	62,726	
5,337,537	5,337,537	
4,506,936	4,506,936	
-	204,615	
-	3,024,206	
-	4,381	
<u>12,200,637</u>	<u>64,845,248</u>	
9,309,467	9,309,467	
3,232,756	3,595,393	
-	3,330,279	
-	80,342	
-	32,539,157	
7,941	13,180	
-	3,592,409	
224,599	224,599	
<u>12,774,763</u>	<u>52,684,826</u>	
<u>(574,126)</u>	<u>12,160,422</u>	
(10,533)	(10,533)	
(5)	(5)	
(14,899)	(14,899)	
<u>(25,437)</u>	<u>(25,437)</u>	
(599,563)	12,134,985	
9,500,000	9,605,000	**
(105,000)	(2,105,000)	**
(332,493)	(332,493)	
<u>8,462,944</u>	<u>19,302,492</u>	
35,781,390	187,595,401	
<u>\$ 44,244,334</u>	<u>\$ 206,897,893</u>	

** Transfers within the Housing Finance Fund totaling \$2,105,000 are not included in the Statement of Revenues, Expenses, and Changes in Fund Net Position on page B-12.

Oregon Housing & Community Services Department
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2024

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds	Combined Program Account
Cash Flows from Operating Activities			
Received from Customers	\$ 729,507	\$ -	\$ -
Program Loan Principal Repayments	56,028,457	1,641,300	-
Program Loan Interest Received	34,319,318	1,517,337	-
Program Loans Made	(145,901,323)	-	-
Payments to Employees for Services	-	-	-
Payments to Suppliers for Goods and Services	(3,540,291)	(67,731)	-
Other Receipts (Payments)	(1,354,226)	-	-
Net Cash Provided (Used) in Operating Activities	(59,718,558)	3,090,906	-
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	230,718,707	-	-
Principal Payments - Bonds	(89,455,000)	(630,000)	-
Interest Payments - Bonds	(28,295,273)	(878,595)	-
Bond Issuance Costs	(2,064,247)	-	-
Other Derivative Receipts	30,061	-	-
Principal Payments - Pension-related Debt	-	-	-
Interest Payments - Pension-related Debt	-	-	-
Transfers from Other Funds	105,000	-	-
Transfers to Other Funds	(2,000,000)	-	-
Transfers to Other State Agencies	-	-	-
Net Cash Provided (Used) in Noncapital Financing Activities	109,039,248	(1,508,595)	-
Cash Flows from Capital and Related Financing Activities			
Leased Assets Principal Payments	-	-	-
Leased Assets Interest Payments	-	-	-
Subscription-Based IT Assets Principal Payments	-	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Purchase of Investments	(313,679,207)	(43,146,954)	(6,421,735)
Proceeds from Sales and Maturities of Investments	263,018,321	43,666,658	4,611,600
Interest on Cash and Investments	6,350,150	1,015,511	656,670
Investment Income on Securities Lending	4,365	874	-
Interest Paid on Securities Lending	(4,365)	(874)	-
Net Cash Provided (Used) in Investing Activities	(44,310,736)	1,535,215	(1,153,465)
Net Increase (Decrease) in Cash and Cash Equivalents	5,009,954	3,117,526	(1,153,465)
Cash and Cash Equivalents Balance - Beginning	160,519,414	25,963,112	1,487,467
Cash and Cash Equivalents Balance - Ending	\$ 165,529,368	\$ 29,080,638	\$ 334,002
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Cash and Cash Equivalents - Restricted (Current)	94,346,696	1,507,341	-
Cash and Cash Equivalents - Restricted (Noncurrent)	71,182,672	27,573,297	334,002
Total Cash and Cash Equivalents	\$ 165,529,368	\$ 29,080,638	\$ 334,002

Housing Finance Account	Total	
\$ 9,733,789	\$ 10,463,296	
41,963	57,711,720	
50,461	35,887,116	
(1,718,602)	(147,619,925)	
(10,526,483)	(10,526,483)	
(3,110,817)	(6,718,839)	
(181,500)	(1,535,726)	
(5,711,189)	(62,338,841)	
-	230,718,707	
-	(90,085,000)	
-	(29,173,868)	
-	(2,064,247)	
-	30,061	
(44,267)	(44,267)	
(10,533)	(10,533)	
9,500,000	9,605,000	**
(105,000)	(2,105,000)	**
(347,695)	(347,695)	
8,992,505	116,523,158	
(1,191)	(1,191)	
(5)	(5)	
(86,928)	(86,928)	
(88,124)	(88,124)	
-	(363,247,896)	
-	311,296,579	
2,289,347	10,311,678	
7,941	13,180	
(7,941)	(13,180)	
2,289,347	(41,639,639)	
5,482,539	12,456,554	
42,422,008	230,392,001	
\$ 47,904,547	\$ 242,848,555	
\$ 47,698,036	\$ 47,698,036	
-	95,854,037	
206,511	99,296,482	
\$ 47,904,547	\$ 242,848,555	

Continued on the next page

** Transfers within the Housing Finance Fund totaling \$2,105,000 are not included in the Statement of Cash Flows on page B-14.

Oregon Housing & Community Services Department
Combining Statement of Cash Flows - Housing Finance Fund
For the Year Ended June 30, 2024

Continued from the previous page

	Mortgage Revenue Bonds	Multifamily Housing Revenue Bonds	Combined Program Account
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 9,687,924	\$ 2,104,407	\$ 942,217
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Capital Asset Depreciation/Amortization	-	-	-
Investment Income Reported as Operating Revenue	(9,750,143)	(1,515,471)	(942,217)
Other Derivative Income Reported as Operating Revenue	(62,726)	-	-
Interest Expense Reported as Operating Expense	31,669,276	875,120	-
Bond Issuance Costs Reported as Operating Expense	1,956,112	-	-
(Gain) Loss on Debt Extinguishment	(3,024,205)	-	-
(Increase)/Decrease in Assets:			
Loan Interest Receivable	(622,041)	7,153	-
Accounts Receivable	(29,143)	-	-
Interfund Receivable	-	-	-
Due from Governmental Funds	-	-	-
Prepaid Expenses	-	-	-
Loans Receivable	(90,609,894)	1,641,300	-
Acquired Property	591,344	-	-
Net Other Postemployment Benefits Asset	-	-	-
(Increase)/Decrease in Deferred Outflows of Resources:			
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Increase/(Decrease) in Liabilities:			
Accounts Payable	88,297	(30)	-
Due to Governmental Funds	-	-	-
Unearned Revenue	(29)	-	-
Compensated Absences Payable	-	-	-
Net Pension Liability	-	-	-
Total Other Postemployment Benefits Liability	-	-	-
Increase/(Decrease) in Deferred Inflows of Resources:			
Deferred Loan Origination Fees	386,670	(21,573)	-
Related to Pensions	-	-	-
Related to Other Postemployment Benefits	-	-	-
Net Cash Provided (Used) in Operating Activities	\$ (59,718,558)	\$ 3,090,906	\$ -
Noncash Investing, Capital, and Financing Activities			
Net Change in Fair Value of Investments	\$ 3,537,291	\$ 506,100	\$ 268,200
Foreclosed Property	409,412	-	-
Loan Modifications	324,870	-	-
SBITAs Initiated	-	-	-
Total Noncash Investing, Capital, and Financing Activities	\$ 4,271,573	\$ 506,100	\$ 268,200

Housing Finance Account	Total
\$ (574,126)	\$ 12,160,422
224,599	224,599
(2,297,288)	(14,505,119)
-	(62,726)
7,941	32,552,337
-	1,956,112
-	(3,024,205)
(8,414)	(623,302)
(48,844)	(77,987)
47,806	47,806
122,434	122,434
21,147	21,147
(1,676,639)	(90,645,233)
-	591,344
6,950	6,950
(134,269)	(134,269)
17,676	17,676
(359,189)	(270,922)
(278,936)	(278,936)
(87,585)	(87,614)
(2,454)	(2,454)
839,233	839,233
41,271	41,271
-	365,097
(1,547,621)	(1,547,621)
(24,881)	(24,881)
<u>\$ (5,711,189)</u>	<u>\$ (62,338,841)</u>
\$ -	\$ 4,311,591
-	409,412
-	324,870
643,084	643,084
<u>\$ 643,084</u>	<u>\$ 5,688,957</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

Statistical Section

The Statistical Section presents information as a context for understanding what the information in the financial statements and note disclosures says about OHCSO's overall financial health.

Financial Trends

Pages B-50 to B-57 contain trend information to help the reader understand how OHCSO's financial performance has changed over time.

Revenue Capacity

Pages B-58 and B-59 contain information to help the reader understand OHCSO's most significant revenue source, Interest on Loans.

Debt Capacity

Pages B-60 and B-61 contain information to help the reader assess OHCSO's current levels of outstanding debt and the capacity to issue debt in the future.

Demographic and Economic Information

Pages B-62 and B-63 contain demographic, economic, and employment data to help the reader understand the environment OHCSO operates in.

Operating Information

Pages B-64 to B-71 contain information to help the reader understand how the information in the financial report relates to activities of OHCSO.

Oregon Housing & Community Services Department
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow of Resources, and Net Position
Enterprise Funds
Last Ten Fiscal Years

	2024	2023	2022	2021
Assets				
Cash and Cash Equivalents	\$ 48,486,681	\$ 43,368,149	\$ 27,541,346	\$ 19,753,000
Cash and Cash Equivalents - Restricted	261,529,360	249,395,714	123,017,393	120,381,648
Investments - Restricted	124,679,514	68,572,636	182,989,422	254,568,169
Securities Lending Cash Collateral	197,368	47,499	580,028	301,531
Accounts Receivable	377,592	299,530	321,701	361,983
Accrued Interest Receivable	6,566,275	5,294,590	3,343,179	3,880,856
Interfund Receivable	-	47,806	127,293	22,099
Due from Governmental Funds	225,938	302,655	573,246	131,442
Due from Other State Agencies	-	-	-	-
Prepaid Expenses	-	21,147	-	115
Acquired Property	188,995	780,339	-	122,985
Loans Receivable (Net)	995,427,093	906,559,557	839,633,718	855,740,724
Swap Fair Value Asset	19,603,929	16,842,159	12,368,910	2,687,321
Other Derivative Instruments	104,910	-	-	-
Net Pension Asset	-	-	-	-
Net Other Postemployment Benefits Asset	203,524	207,446	159,246	20,903
Capital Assets (Net)	444,303	4,760	13,634	7,024
Total Assets	1,458,035,482	1,291,743,987	1,190,669,116	1,257,979,800
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	-	-	-	6,386,956
Loss on Debt Refunding	309,452	387,788	464,599	674,944
Related to Pensions	3,796,334	3,689,476	2,937,464	2,430,234
Related to Other Postemployment Benefits	7,889	28,509	27,513	32,363
Total Deferred Outflows of Resources	4,113,675	4,105,773	3,429,576	9,524,497
Total Assets and Deferred Outflows of Resources	\$ 1,462,149,157	\$ 1,295,849,760	\$ 1,194,098,692	\$ 1,267,504,297

Unaudited

2020	2019	2018	2017	2016	2015
\$ 13,886,704	\$ 12,630,562	\$ 9,388,621	\$ 9,915,911	\$ 8,730,328	\$ 10,077,977
154,695,669	65,370,939	68,372,203	59,447,712	80,466,457	66,585,531
223,223,166	277,597,803	244,508,334	232,640,617	278,624,844	229,912,957
1,248,701	2,101,856	1,191,697	357,168	2,041,190	4,032,437
266,455	139,932	29,182,712	409,631	131,122	177,215
4,518,523	4,133,592	3,924,987	3,729,012	4,209,653	4,618,750
12,862	81,079	80,220	16,939	6,780	607
391,789	114,050	24,797	82,468	23,931	1,795
88,521	-	-	-	-	-
-	4,563	1,140	514	28,996	675
817,484	1,016,875	1,841,751	2,995,957	3,766,377	4,407,890
982,544,056	954,607,414	834,207,159	804,071,640	847,251,131	918,003,978
-	-	1,514,014	899,578	-	-
-	-	-	-	-	-
-	-	-	-	-	558,607
72,037	31,100	11,451	-	-	-
10,214	43,223	51,674	59,925	62,637	70,549
1,381,776,181	1,317,872,988	1,194,300,760	1,114,627,072	1,225,343,446	1,238,448,968
10,726,213	5,221,906	137,728	1,864,021	6,906,793	11,379,103
1,107,604	1,435,973	1,942,159	1,761,830	2,092,930	2,344,757
1,951,568	1,386,060	1,183,656	2,170,765	407,457	206,746
18,462	40,861	26,968	-	-	-
13,803,847	8,084,800	3,290,511	5,796,616	9,407,180	13,930,606
\$ 1,395,580,028	\$ 1,325,957,788	\$ 1,197,591,271	\$ 1,120,423,688	\$ 1,234,750,626	\$ 1,252,379,574

Continued on the next page

Oregon Housing & Community Services Department
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow of Resources, and Net Position
Enterprise Funds
Last Ten Fiscal Years

Continued from the previous page

	2024	2023	2022	2021
Liabilities				
Accounts Payable	\$ 1,030,773	\$ 1,430,947	\$ 1,374,030	\$ 1,139,884
Accrued Interest Payable	19,633,409	15,143,968	12,064,921	14,575,857
Obligations Under Securities Lending	197,368	47,499	580,028	301,531
Interfund Payable	-	47,806	127,293	22,099
Due to Governmental Funds	343,866	599,404	174,415	24,370
Due to Other Governments	-	-	41,180	5,776
Unearned Revenue	344,128	432,247	527,315	643,867
Compensated Absences Payable	527,538	584,963	135,646	286,347
Lease Obligations	-	2,022	8,926	-
Subscription-Based IT Obligations	471,820	-	-	-
Bonds Payable	1,112,756,948	976,925,409	904,114,640	979,686,245
Swap Fair Value Liability	-	-	-	6,386,956
Arbitrage Rebate Liability	424,144	117,931	-	-
Pension-related Debt Payable	190,578	247,200	315,405	371,238
Net Pension Liability	9,506,028	8,343,213	4,102,944	7,030,726
Net Other Postemployment Benefits Liability	-	-	-	11,590
Total Other Postemployment Benefits Liability	144,866	108,736	120,295	161,281
Net Other Postemployment Benefits Obligation	-	-	-	-
Total Liabilities	1,145,571,466	1,004,031,345	923,687,038	1,010,647,767
Deferred Inflows of Resources				
Accumulated Increase in Fair Value of Hedging Derivatives	19,603,929	16,842,159	12,368,910	2,687,321
Gain on Debt Refunding	3,623	41,467	79,652	40,482
Deferred Loan Origination Fees	4,228,967	3,894,643	3,657,125	3,801,580
Related to Pensions	751,636	2,499,649	3,203,301	159,733
Related to Other Postemployment Benefits	102,490	135,945	136,153	35,963
Total Deferred Inflows of Resources	24,690,645	23,413,863	19,445,141	6,725,079
Net Position				
Net Investment in Capital Assets	(27,517)	2,738	4,708	7,024
Restricted for Residential Assistance	1,158,463	1,141,817	1,130,120	1,256,957
Restricted for Other Postemployment Benefits	203,524	207,446	159,246	20,903
Restricted by Trust Indentures	247,151,859	231,592,674	224,461,170	229,688,722
Unrestricted	43,400,717	35,459,877	25,211,269	19,157,845
Total Net Position	291,887,046	268,404,552	250,966,513	250,131,451
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 1,462,149,157	\$ 1,295,849,760	\$ 1,194,098,692	\$ 1,267,504,297

Unaudited

2020	2019	2018	2017	2016	2015
\$ 1,347,392	\$ 1,292,103	\$ 609,703	\$ 808,431	\$ 626,684	\$ 495,218
16,540,642	16,741,051	13,660,865	13,031,173	15,411,597	17,957,672
1,248,701	2,101,856	1,191,697	357,168	2,041,190	4,032,437
12,862	81,079	80,220	16,939	6,780	607
54,126	64,554	53,689	6,959	50,880	101,511
-	-	-	-	-	-
754,469	878,196	998,823	1,130,510	1,265,880	1,402,406
284,985	289,020	344,492	271,186	252,162	276,849
-	-	-	-	-	-
-	-	-	-	-	-
1,107,569,224	1,053,780,476	943,483,358	869,050,314	979,243,468	997,155,163
10,726,213	5,221,906	137,728	1,864,021	6,906,793	11,379,103
-	-	-	-	-	-
421,318	463,993	501,032	531,182	556,146	575,223
5,804,785	3,180,583	3,275,674	4,116,951	1,580,442	-
32,005	33,673	41,439	-	-	-
153,434	182,434	124,593	-	-	-
-	-	-	87,445	85,234	92,770
1,144,950,156	1,084,310,924	964,503,313	891,272,279	1,008,027,256	1,033,468,959
-	-	1,514,014	899,578	-	-
-	-	-	-	-	-
4,445,934	4,597,314	4,261,350	4,354,736	4,733,476	5,281,561
276,737	178,767	27,367	39,119	384,804	1,077,887
40,745	14,773	8,471	-	-	-
4,763,416	4,790,854	5,811,202	5,293,433	5,118,280	6,359,448
10,214	43,223	51,674	59,925	62,637	70,549
1,257,239	2,058,567	2,089,298	2,074,043	2,098,015	2,029,118
72,037	31,100	11,451	-	-	-
228,197,707	220,241,383	212,669,994	207,706,209	213,665,954	201,453,112
16,329,259	14,481,737	12,454,339	14,017,799	5,778,484	8,998,388
245,866,456	236,856,010	227,276,756	223,857,976	221,605,090	212,551,167
<u>\$ 1,395,580,028</u>	<u>\$ 1,325,957,788</u>	<u>\$ 1,197,591,271</u>	<u>\$ 1,120,423,688</u>	<u>\$ 1,234,750,626</u>	<u>\$ 1,252,379,574</u>

Oregon Housing & Community Services Department
Revenue, Expenses, and Changes in Net Position
Enterprise Funds
Last Ten Fiscal Years

	2024	2023	2022	2021
Operating Revenues				
Interest on Loans	\$ 40,201,760	\$ 32,687,523	\$ 32,323,454	\$ 35,074,849
Investment Income (Loss)	17,676,476	8,246,716	(4,637,184)	339,398
Other Derivative Income	62,726	-	-	-
Administrative Charges and Fees	5,445,806	8,040,684	9,644,406	7,650,839
Low Income Housing Tax Credit Fees	4,506,936	8,028,128	9,508,721	5,256,621
Gain (Loss) on Sale of Foreclosed Property	204,615	-	(12,461)	-
Gain on Debt Extinguishment	3,024,206	1,327,661	4,417,587	2,694,649
Miscellaneous Revenue	4,381	1,722	4,911	26,459
Total Operating Revenues	71,126,906	58,332,434	51,249,434	51,042,815
Operating Expenses				
Personal Services	10,162,299	14,067,608	8,845,625	7,863,929
Services and Supplies	3,864,987	3,904,573	4,313,509	2,901,533
Mortgage Service Fees	3,344,434	3,011,236	2,844,886	2,958,124
Foreclosure Costs	80,342	24,621	45,154	143,493
Interest Expense - Bonds	33,452,940	26,448,189	26,373,449	29,815,332
Interest Expense - Securities Lending	24,171	18,115	5,344	2,266
Other Related Program Expenses	3,592,409	3,026,250	4,683,512	2,870,685
Depreciation/Amortization	236,119	8,874	10,776	3,190
Bad Debt Expense	-	-	-	-
Total Operating Expenses	54,757,701	50,509,466	47,122,255	46,558,552
Operating Income (Loss)	16,369,205	7,822,968	4,127,179	4,484,263
Nonoperating Revenue/(Expenses)				
Interest Expense - Pension-related Debt	(13,473)	(17,304)	(18,378)	(29,168)
Interest Expense - Leased Assets	(7)	(64)	(149)	-
Interest Expense - Subscription-Based IT Assets	(15,668)	-	-	-
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
Federal Grant Subsidy	-	-	-	74,857
Total Nonoperating Revenue/(Expenses)	(29,148)	(17,368)	(18,527)	45,689
Transfers				
Transfers from Other Funds	7,500,000	10,000,000	-	-
Transfers to Other Funds	-	-	(2,899,555)	-
Transfers from Other State Agencies	-	-	-	-
Transfers to Other State Agencies	(357,563)	(367,561)	(374,035)	(264,957)
Total Transfers	7,142,437	9,632,439	(3,273,590)	(264,957)
Increase (Decrease) in Net Position	\$ 23,482,494	\$ 17,438,039	\$ 835,062	\$ 4,264,995
Net Position - Beginning	268,404,552	250,966,513	250,131,451	245,866,456
Prior Period Adjustment	-	-	-	-
Change in Accounting Principle	-	-	-	-
Net Position - Beginning (Restated)	268,404,552	250,966,513	250,131,451	245,866,456
Net Position - Ending	\$ 291,887,046	\$ 268,404,552	\$ 250,966,513	\$ 250,131,451

Unaudited

2020	2019	2018	2017	2016	2015
\$ 40,963,239	\$ 40,504,975	\$ 36,644,795	\$ 39,626,363	\$ 46,381,931	\$ 50,954,045
11,696,263	11,846,649	3,650,448	332,374	6,767,972	3,484,174
-	-	-	-	-	-
5,162,478	4,358,237	3,295,836	2,537,227	2,111,542	2,444,692
3,080,015	3,364,208	2,924,199	1,604,511	1,126,415	3,174,641
78,721	45,379	146,174	373,502	314,222	288,970
1,939,403	984,697	1,129,267	1,039,870	1,034,419	1,311,768
9,004	6,938	93,062	358,328	115,962	60,801
62,929,123	61,111,083	47,883,781	45,872,175	57,852,463	61,719,091
8,697,614	5,712,702	5,206,618	5,126,065	5,828,772	3,868,949
3,727,327	2,886,332	3,084,561	2,508,940	2,437,292	2,392,345
3,200,538	2,931,395	2,394,668	2,264,580	2,393,209	2,619,687
13,605	215,168	438,500	616,407	422,662	324,684
33,161,052	31,556,074	27,235,723	28,487,108	33,287,518	38,491,579
39,099	95,991	21,699	1,974	22,326	12,347
4,850,144	7,832,586	5,778,673	4,346,935	4,169,306	2,740,696
5,821	8,451	8,452	7,910	7,912	4,394
-	-	-	33,583	-	-
53,695,200	51,238,699	44,168,894	43,393,502	48,568,997	50,454,681
9,233,923	9,872,384	3,714,887	2,478,673	9,283,466	11,264,410
(32,788)	(31,857)	(32,996)	(38,010)	(37,729)	(39,019)
-	-	-	-	-	-
-	-	-	-	-	-
(27,188)	-	-	-	-	-
-	-	-	-	-	-
(59,976)	(31,857)	(32,996)	(38,010)	(37,729)	(39,019)
-	-	-	-	-	-
-	-	-	-	-	-
88,521	-	-	-	-	-
(252,022)	(261,273)	(184,404)	(187,777)	(191,814)	(211,415)
(163,501)	(261,273)	(184,404)	(187,777)	(191,814)	(211,415)
\$ 9,010,446	\$ 9,579,254	\$ 3,497,487	\$ 2,252,886	\$ 9,053,923	\$ 11,013,976
236,856,010	227,276,756	223,857,976	221,605,090	212,551,167	202,554,116
-	-	-	-	-	2,979
-	-	(78,707)	-	-	(1,019,904)
236,856,010	227,276,756	223,779,269	221,605,090	212,551,167	201,537,191
\$ 245,866,456	\$ 236,856,010	\$ 227,276,756	\$ 223,857,976	\$ 221,605,090	\$ 212,551,167

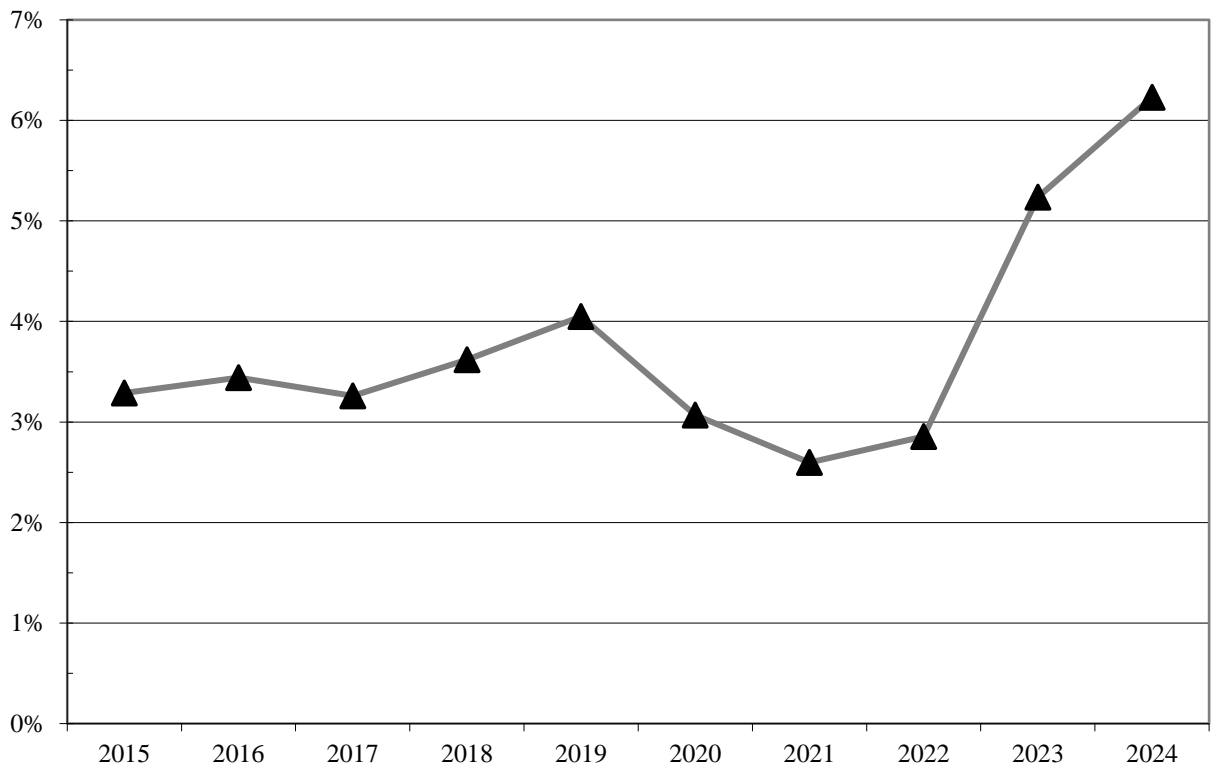
Oregon Housing & Community Services Department
Cash Flows
Enterprise Funds
Last Ten Fiscal Years

	2024	2023	2022
Cash Flows from Operating Activities			
Received from Customers	\$ 10,571,490	\$ 16,666,871	\$ 19,837,627
Program Loan Principal Repayments	60,497,739	69,330,450	167,842,514
Program Loan Interest Received	37,846,596	31,480,471	31,016,791
Program Loans Made	(147,619,925)	(136,638,159)	(150,727,831)
Payments to Employees for Services	(11,457,308)	(10,508,230)	(9,350,644)
Payments to Suppliers for Goods and Services	(7,043,155)	(6,709,107)	(7,487,876)
Other Receipts (Payments)	(1,535,726)	(1,937,619)	(3,008,841)
Net Cash Provided (Used) in Operating Activities	(58,740,289)	(38,315,323)	48,121,740
Cash Flows from Noncapital Financing Activities			
Proceeds from Bond Sales	230,718,707	114,018,169	188,634,844
Principal Payments - Bonds	(91,130,000)	(39,075,000)	(258,705,000)
Interest Payments - Bonds	(30,108,576)	(25,352,727)	(29,742,816)
Bond Issuance Costs	(2,064,247)	(989,191)	(1,572,368)
Bond Call Costs	-	-	(277)
Other Derivative Receipts	30,061	-	-
Principal Payments - Pension-related Debt	(56,622)	(68,205)	(55,833)
Interest Payments - Pension-related Debt	(13,473)	(17,304)	(18,378)
Federal Grant Subsidy	-	-	-
Transfers from Other Funds	7,500,000	10,000,000	-
Transfers to Other Funds	-	-	(2,899,555)
Transfers from Other State Agencies	-	-	-
Transfers to Other State Agencies	(376,649)	(386,836)	(337,482)
Net Cash Provided (Used) in Noncapital Financing Activities	114,499,201	58,128,906	(104,696,865)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	-	-	-
Leased Assets Principal Payments	(1,442)	(7,611)	(7,753)
Leased Assets Interest Payments	(7)	(74)	(139)
Subscription-Based IT Assets Principal Payments	(91,856)	-	-
Net Cash Provided (Used) in Capital and Related Financing Activities	(93,305)	(7,685)	(7,892)
Cash Flows from Investing Activities			
Purchase of Investments	(363,247,896)	(130,692,371)	(305,323,565)
Proceeds from Sales and Maturities of Investments	311,296,579	246,326,867	369,503,258
Interest on Cash and Investments	13,537,888	6,764,730	2,827,415
Investment Income on Securities Lending	24,171	18,115	5,344
Interest Paid on Securities Lending	(24,171)	(18,115)	(5,344)
Net Cash Provided (Used) in Investing Activities	(38,413,429)	122,399,226	67,007,108
Net Increase (Decrease) in Cash and Cash Equivalents	17,252,178	142,205,124	10,424,091
Cash and Cash Equivalents Balance - Beginning	292,763,863	150,558,739	140,134,648
Cash and Cash Equivalents Balance - Ending	\$ 310,016,041	\$ 292,763,863	\$ 150,558,739

2021	2020	2019	2018	2017	2016	2015
\$ 13,175,428	\$ 8,763,454	\$ 8,876,105	\$ 7,079,496	\$ 4,163,809	\$ 3,569,340	\$ 5,721,238
222,941,663	139,616,140	113,960,119	126,654,062	138,955,178	142,159,092	145,611,724
34,258,797	39,340,959	38,764,669	35,717,096	38,803,932	44,151,928	50,261,428
(95,332,814)	(167,580,729)	(233,252,858)	(156,182,704)	(97,014,283)	(71,715,430)	(54,220,431)
(7,366,769)	(6,488,553)	(5,930,708)	(5,025,280)	(4,707,259)	(4,609,749)	(4,587,915)
(5,684,303)	(6,787,757)	(5,841,075)	(5,422,079)	(4,650,950)	(4,923,555)	(5,064,173)
(2,057,220)	(3,391,482)	(5,473,021)	(3,658,826)	(791,680)	47,139	941,970
159,934,782	3,472,032	(88,896,769)	(838,235)	74,758,747	108,678,765	138,663,841
61,927,675	177,018,587	216,176,306	280,205,736	134,026,831	211,033,001	31,377,604
(185,740,000)	(120,100,000)	(103,615,000)	(203,460,000)	(242,255,000)	(227,045,000)	(202,930,000)
(32,682,384)	(34,221,158)	(29,029,187)	(27,367,083)	(31,402,394)	(36,186,445)	(40,849,857)
(803,477)	(1,424,262)	(1,677,569)	(1,763,294)	(774,512)	(1,514,836)	(565,215)
(596)	-	-	-	-	-	-
-	-	-	-	-	-	-
(50,080)	(42,675)	(37,039)	(30,150)	(24,964)	(19,077)	(22,487)
(29,168)	(32,788)	(31,857)	(32,996)	(38,010)	(37,729)	(39,019)
74,857	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
88,521	-	-	-	-	-	-
(270,459)	(249,712)	(243,488)	(203,500)	(188,958)	(191,894)	(209,314)
(157,485,111)	20,947,992	81,542,166	47,348,713	(140,657,007)	(53,961,980)	(213,238,288)
-	-	-	5,445	(10,844)	-	(52,603)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	5,445	(10,844)	-	(52,603)
(380,551,164)	(413,127,785)	(510,891,434)	(498,137,269)	(368,836,911)	(441,963,836)	(289,867,498)
346,112,454	473,542,274	512,301,216	456,787,746	411,676,140	396,996,896	370,368,568
3,541,314	5,746,359	6,185,498	3,230,801	3,236,713	2,783,432	1,946,456
2,266	39,099	95,991	21,699	1,974	22,326	12,347
(2,266)	(39,099)	(95,991)	(21,699)	(1,974)	(22,326)	(12,347)
(30,897,396)	66,160,848	7,595,280	(38,118,722)	46,075,942	(42,183,508)	82,447,526
(28,447,725)	90,580,872	240,677	8,397,201	(19,833,162)	12,533,277	7,820,476
168,582,373	78,001,501	77,760,824	69,363,623	89,196,785	76,663,508	68,843,032
\$ 140,134,648	\$ 168,582,373	\$ 78,001,501	\$ 77,760,824	\$ 69,363,623	\$ 89,196,785	\$ 76,663,508

Oregon Housing & Community Services Department
 Weighted Average Interest Rate - New Mortgage Loans - Mortgage Revenue Bonds
 Enterprise Funds
 Last Ten Fiscal Years

Unaudited



Fiscal Year	Weighted Average Interest Rete
2024	6.23%
2023	5.24%
2022	2.86%
2021	2.60%
2020	3.07%
2019	4.05%
2018	3.62%
2017	3.26%
2016	3.44%
2015	3.29%

Weighted average interest rate is calculated by multiplying each loan amount by the interest rate on the loan, adding all results together, then dividing by the total amount of new loans.

Oregon Housing & Community Services Department
Principal Program Loan Interest Payers
Enterprise Funds
Current Year and Nine Years Ago

Unaudited

	Fiscal Year 2024			Fiscal Year 2015		
	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received	Rank	Program Loan Interest Received	Percent of Total Program Loan Interest Received
Emerald Pointe	1	\$ 1,005,487	2.66%	1	\$ 1,139,144	2.27%
Beaver State Apartments	2	520,117	1.37%	6	566,621	1.13%
The Hazelwood	3	289,551	0.76%	9	344,442	0.69%
Autumn Park	4	248,414	0.65%			
Gateway Park Apartments	5	199,433	0.53%			
Fifth Avenue Court Apartments	6	162,555	0.43%			
The Oak Apartments	7	72,232	0.19%			
Rosemont Town Homes	8	57,221	0.15%			
Forest Park Apartments	9	51,302	0.14%			
Oakwood Manor Apartments	10	48,109	0.13%			
West Ridge Meadows Apartments				2	820,509	1.63%
Willamette Gardens				3	810,614	1.61%
Woodridge Apartments				4	774,791	1.54%
Troutdale Terrace Apartments				5	691,721	1.38%
Lake Crest Apartments				7	470,697	0.94%
Cascadia Village Retirement Center				8	361,255	0.72%
Buckman Heights Apartments				10	314,463	0.63%
Total		<u>\$ 2,654,421</u>	<u>7.01%</u>		<u>\$ 6,294,257</u>	<u>12.54%</u>

Oregon Housing & Community Services Department
Ratio of Outstanding Debt
Enterprise Fund
Last Ten Fiscal Years

Unaudited

Fiscal Year	Business-Type Activities - Enterprise Funds			Percentage of Personal Income ⁽³⁾	Per Capita ⁽³⁾
	General Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾	Total		
2024	\$ 19,030,000	\$ 1,077,185,000	\$ 1,096,215,000	0.38%	\$ 259
2023	20,075,000	938,710,000	958,785,000	0.35%	226
2022	21,650,000	864,185,000	885,835,000	0.33%	208
2021	22,985,000	937,655,000	960,640,000	0.40%	226
2020	28,865,000	1,057,515,000	1,086,380,000	0.49%	258
2019	30,400,000	1,004,675,000	1,035,075,000	0.49%	247
2018	36,915,000	890,470,000	927,385,000	0.47%	224
2017	44,710,000	812,105,000	856,815,000	0.46%	209
2016	50,810,000	917,700,000	968,510,000	0.55%	241
2015	85,480,000	904,220,000	989,700,000	0.60%	250

⁽¹⁾ Elderly and Disabled Housing Bonds

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (FY 2015 - FY 2021), and Multifamily Housing Revenue Bonds

⁽³⁾ Personal Income and Population Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1)
<https://apps.bea.gov/itable/?ReqID=70&step=1>

Population and Personal Income information can be found on page B-62.

Oregon Housing & Community Services Department
Legal Debt Margin Information
Enterprise Fund
Last Ten Fiscal Years

Unaudited

Fiscal Year	Debt Limit	Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
<u>General Obligation Bonds</u>				
2024	\$ 5,116,158,652	\$ 19,030,000	\$ 5,097,128,652	0.37%
2023	4,823,464,807	20,075,000	4,803,389,807	0.42%
2022	4,118,468,847	21,650,000	4,096,818,847	0.53%
2021	3,783,733,523	22,985,000	3,760,748,523	0.61%
2020	3,578,984,548	28,865,000	3,550,119,548	0.81%
2019	3,384,375,594	30,400,000	3,353,975,594	0.90%
2018	3,104,548,584	36,915,000	3,067,633,584	1.19%
2017	2,795,635,633	44,710,000	2,750,925,633	1.60%
2016	2,530,877,318	50,810,000	2,480,067,318	2.01%
2015	2,347,393,704	85,480,000	2,261,913,704	3.64%
<u>Revenue Bonds</u>				
2024	\$ 2,500,000,000	\$ 1,077,185,000	\$ 1,422,815,000	43.09%
2023	2,500,000,000	938,710,000	1,561,290,000	37.55%
2022	2,500,000,000	864,185,000	1,635,815,000	34.57%
2021	2,500,000,000	937,655,000	1,562,345,000	37.51%
2020	2,500,000,000	1,057,515,000	1,442,485,000	42.30%
2019	2,500,000,000	1,004,675,000	1,495,325,000	40.19%
2018	2,500,000,000	890,470,000	1,609,530,000	35.62%
2017	2,500,000,000	812,105,000	1,687,895,000	32.48%
2016	2,500,000,000	917,700,000	1,582,300,000	36.71%
2015	2,500,000,000	904,220,000	1,595,780,000	36.17%

Legal Debt Margin for Fiscal Year 2024

General Obligation Bonds

True cash value of all taxable property in the state	\$ 1,023,231,730,458
Debt Limit (0.5% of true cash value)	5,116,158,652
Less: Debt applicable to the limit (Elderly and Disabled Housing Bonds)	(19,030,000)
Legal Debt Margin	<u>\$ 5,097,128,652</u>

Revenue Bonds

The legal debt margin for OHCS's revenue bonds is set by statute (Oregon Revised Statute 456.661).

Oregon Housing & Community Services Department
Demographic and Economic Data - State of Oregon
Last Ten Years

Unaudited

Calendar Year	Population ⁽¹⁾	Personal Income ⁽¹⁾ (in millions)	Per Capita Personal Income ⁽¹⁾	Annual Unemployment Rate ⁽²⁾
2023	4,233,358	\$ 287,182.5	\$ 67,838	3.7%
2022	4,239,379	271,773.2	64,107	3.9%
2021	4,256,465	265,378.9	62,347	5.2%
2020	4,245,044	240,173.7	56,577	7.6%
2019	4,215,976	220,029.4	52,189	3.7%
2018	4,183,414	210,044.9	50,209	4.0%
2017	4,147,186	197,262.3	47,565	4.1%
2016	4,093,179	186,105.0	45,467	4.7%
2015	4,018,466	177,478.1	44,166	5.5%
2014	3,965,387	165,171.9	41,653	6.7%

⁽¹⁾ Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAINC1) - <https://apps.bea.gov/itable/?ReqID=70&step=1>

⁽²⁾ Source: Oregon Employment Department
www.qualityinfo.org/uesti?IfAreacode=4101000000&IfAdjusted=1&IfMeasure=unemprate&IfSyear=2013&IfRpt=summary&IfEyear=2024

Oregon Housing & Community Services Department
Employment Data - State of Oregon
Current Year and Nine Years Ago

Unaudited

	Calendar Year 2022 ⁽¹⁾		Calendar Year 2014		Change
	Number of Employees	Percent of Total	Number of Employees	Percent of Total	
Health Care and Social Assistance	312,843	11.77%	267,614	11.52%	16.90%
Retail Trade	264,677	9.96%	242,856	10.45%	8.99%
Manufacturing	206,906	7.78%	195,438	8.41%	5.87%
Accommodation and Food Services	190,276	7.16%	174,508	7.51%	9.04%
Professional, Scientific, and Technical Services	187,980	7.07%	148,856	6.41%	26.28%
Construction	153,517	5.77%	112,782	4.85%	36.12%
Real Estate and Rental and Leasing	143,199	5.39%	106,499	4.58%	34.46%
Administrative and Support Services and Waste Management and Remediation Services	136,310	5.13%	124,616	5.36%	9.38%
Transportation and Warehousing	132,623	4.99%	67,332	2.90%	96.97%
Finance and Insurance	108,772	4.09%	91,807	3.95%	18.48%
Wholesale Trade	86,064	3.24%	84,086	3.62%	2.35%
Arts, Entertainment, and Recreation	60,435	2.27%	58,336	2.51%	3.60%
Farm Employment	57,344	2.16%	63,448	2.73%	-9.62%
Management of Companies and Enterprises	52,792	1.99%	41,864	1.80%	26.10%
Educational Services	50,885	1.91%	58,611	2.52%	-13.18%
Information	49,275	1.85%	40,851	1.76%	20.62%
Forestry, Fishing, and Related Activities	32,859	1.24%	32,892	1.43%	-0.10%
Utilities	5,299	0.20%	4,794	0.21%	10.53%
Mining, quarrying, and oil and gas extraction	4,621	0.17%	5,584	0.24%	-17.25%
Other Services	129,476	4.87%	123,000	5.29%	5.27%
Federal Government (Civilian)	27,876	1.05%	27,491	1.18%	1.40%
Military	10,604	0.40%	11,913	0.51%	-10.99%
State Government	43,172	1.62%	62,200	2.68%	-30.59%
Local Government	210,480	7.92%	176,061	7.58%	19.55%
Total Employment	<u>2,658,285</u>	<u>100.00%</u>	<u>2,323,439</u>	<u>100.00%</u>	14.41%

⁽¹⁾ 2022 was the most recent year available at the time this was prepared

Source: Bureau of Economic Analysis, U.S. Department of Commerce (SAEMP25N) - www.bea.gov/data/employment/employment-by-state

Oregon Housing & Community Services Department

Loans Outstanding - By Interest Rate

Enterprise Funds

Unaudited

Current Year and Nine Years Ago

Interest Rate	June 30, 2024				June 30, 2015			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans</u> ⁽¹⁾								
0.00 - 2.99%	1,081	20.29%	\$ 239,550,769	25.70%	28	0.48%	\$ 833,618	0.13%
3.00 - 3.99%	1,605	30.12%	264,671,175	28.39%	1,201	20.76%	172,026,034	26.30%
4.00 - 4.99%	1,061	19.91%	156,171,887	16.75%	1,755	30.34%	196,004,285	29.97%
5.00 - 5.99%	912	17.12%	146,220,273	15.68%	2,059	35.59%	227,653,997	34.81%
6.00 - 6.99%	498	9.35%	114,721,012	12.31%	544	9.40%	50,482,361	7.72%
7.00 - 7.99%	91	1.71%	9,789,183	1.05%	173	2.99%	6,760,007	1.03%
8.00 - 8.99%	76	1.43%	1,045,659	0.11%	23	0.40%	271,640	0.04%
9.00 - 9.99%	4	0.07%	55,396	0.01%	1	0.02%	3,436	0.00%
10.00 - 10.99%	-	-	-	-	1	0.02%	1,197	0.00%
Total	5,328	100.00%	\$ 932,225,354	100.00%	5,785	100.00%	\$ 654,036,575	100.00%
<u>Multi-Family Loans</u> ⁽²⁾								
0.00 - 2.99%	30	18.07%	\$ 3,924,569	6.21%	56	15.82%	\$ 6,952,867	2.61%
3.00 - 3.99%	6	3.61%	1,166,191	1.85%	8	2.26%	4,695,784	1.76%
4.00 - 4.99%	19	11.45%	4,425,151	7.00%	5	1.41%	3,160,033	1.19%
5.00 - 5.99%	17	10.24%	37,118,412	58.73%	35	9.89%	108,891,896	40.87%
6.00 - 6.99%	39	23.49%	15,807,094	25.01%	79	22.32%	95,571,356	35.87%
7.00 - 7.99%	49	29.52%	662,760	1.05%	76	21.47%	36,153,093	13.57%
8.00 - 8.99%	6	3.62%	97,562	0.15%	91	25.70%	7,412,531	2.78%
9.00 - 9.99%	-	-	-	-	4	1.13%	3,585,465	1.35%
Total	166	100.00%	\$ 63,201,739	100.00%	354	100.00%	\$ 266,423,025	100.00%
Grand Total	5,494		\$ 995,427,093		6,139		\$ 920,459,600	

⁽¹⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (June 30, 2015). and down payment assistance loans in Housing Finance Account (June 30, 2024)

⁽²⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, and multi-family loans in Housing Finance Account

Oregon Housing & Community Services Department
Loans Outstanding - By Monthly Payment Amount
Enterprise Funds
Current Year and Nine Years Ago

Unaudited

Monthly Payment ⁽¹⁾	June 30, 2024				June 30, 2015			
	Number of Loans	Percent	Principal Amount	Percent	Number of Loans	Percent	Principal Amount	Percent
<u>Single Family Loans</u> ⁽²⁾								
\$ 0 - \$ 200	147	2.76%	\$ 2,028,503	0.22%	45	0.78%	\$ 1,104,331	0.17%
\$ 201 - \$ 400	213	4.00%	8,534,826	0.92%	508	8.78%	21,866,789	3.34%
\$ 401 - \$ 600	778	14.60%	50,881,909	5.46%	1,628	28.16%	127,631,047	19.51%
\$ 601 - \$ 800	1,024	19.22%	108,844,388	11.68%	1,812	31.32%	210,026,853	32.11%
\$ 801 - \$1,000	958	17.98%	156,156,366	16.75%	1,089	18.82%	160,546,737	24.55%
\$1,001 - \$1,200	764	14.34%	164,613,964	17.66%	474	8.19%	84,695,040	12.95%
\$1,201 - \$1,400	497	9.33%	127,863,795	13.72%	179	3.09%	36,219,086	5.54%
\$1,401 - \$1,600	274	5.14%	78,588,098	8.43%	43	0.74%	10,129,017	1.55%
\$1,601 - \$1,800	206	3.86%	64,425,471	6.91%	7	0.12%	1,817,675	0.28%
\$1,801 - \$2,000	173	3.25%	56,798,397	6.09%	-	-	-	-
\$2,001 - \$2,200	107	2.01%	36,870,391	3.95%	-	-	-	-
\$2,201 - \$2,400	91	1.71%	34,819,524	3.73%	-	-	-	-
\$2,401 - \$2,600	43	0.81%	17,350,674	1.86%	-	-	-	-
\$2,601 - \$2,800	28	0.52%	12,060,466	1.29%	-	-	-	-
\$2,801 - \$3,000	8	0.15%	3,730,581	0.40%	-	-	-	-
\$3,001 - \$3,200	10	0.19%	4,969,735	0.53%	-	-	-	-
\$3,201 - \$3,400	4	0.07%	2,039,382	0.22%	-	-	-	-
\$3,401 - \$3,600	2	0.04%	1,098,808	0.12%	-	-	-	-
\$3,601 - \$3,800	1	0.02%	550,076	0.06%	-	-	-	-
Total	5,328	<u>100.00%</u>	932,225,354	<u>100.00%</u>	5,785	<u>100.00%</u>	654,036,575	<u>100.00%</u>
<u>Multi-Family Loans</u> ⁽³⁾								
\$ 0 - \$ 1,000	100	60.24%	1,945,780	3.08%	208	58.76%	6,581,145	2.47%
\$ 1,001 - \$ 5,000	36	21.69%	7,206,098	11.40%	55	15.54%	17,093,043	6.42%
\$ 5,001 - \$10,000	14	8.43%	6,065,897	9.60%	22	6.22%	19,861,586	7.45%
\$10,001 - \$15,000	5	3.01%	3,255,418	5.15%	23	6.50%	27,834,471	10.45%
\$15,001 - \$20,000	3	1.81%	2,662,060	4.21%	13	3.67%	24,808,982	9.31%
\$20,001 - \$25,000	-	-	-	0.00%	11	3.11%	27,875,871	10.46%
\$25,001 - \$30,000	2	1.21%	5,652,473	8.94%	6	1.69%	20,242,723	7.60%
\$30,001 or more	4	2.41%	35,429,301	56.06%	14	3.95%	121,115,454	45.46%
Due at Maturity	2	1.20%	984,712	1.56%	2	0.56%	1,009,750	0.38%
Total	166	<u>100.00%</u>	63,201,739	<u>100.00%</u>	354	<u>100.00%</u>	266,423,025	<u>100.00%</u>
Grand Total	<u>5,494</u>		<u>\$ 995,427,093</u>		<u>6,139</u>		<u>\$ 920,459,600</u>	

⁽¹⁾ Principal and Interest only. Does not include taxes or insurance.

⁽²⁾ Mortgage Revenue Bonds, Housing Revenue Bonds (June 30, 2015), and down payment assistance loans in Housing Finance Account (June 30, 2024)

⁽³⁾ Elderly and Disabled Housing Fund, Multifamily Housing Revenue Bond, and multi-family loans in Housing Finance Account

Oregon Housing & Community Services Department

Loans Outstanding - By County

Enterprise Funds

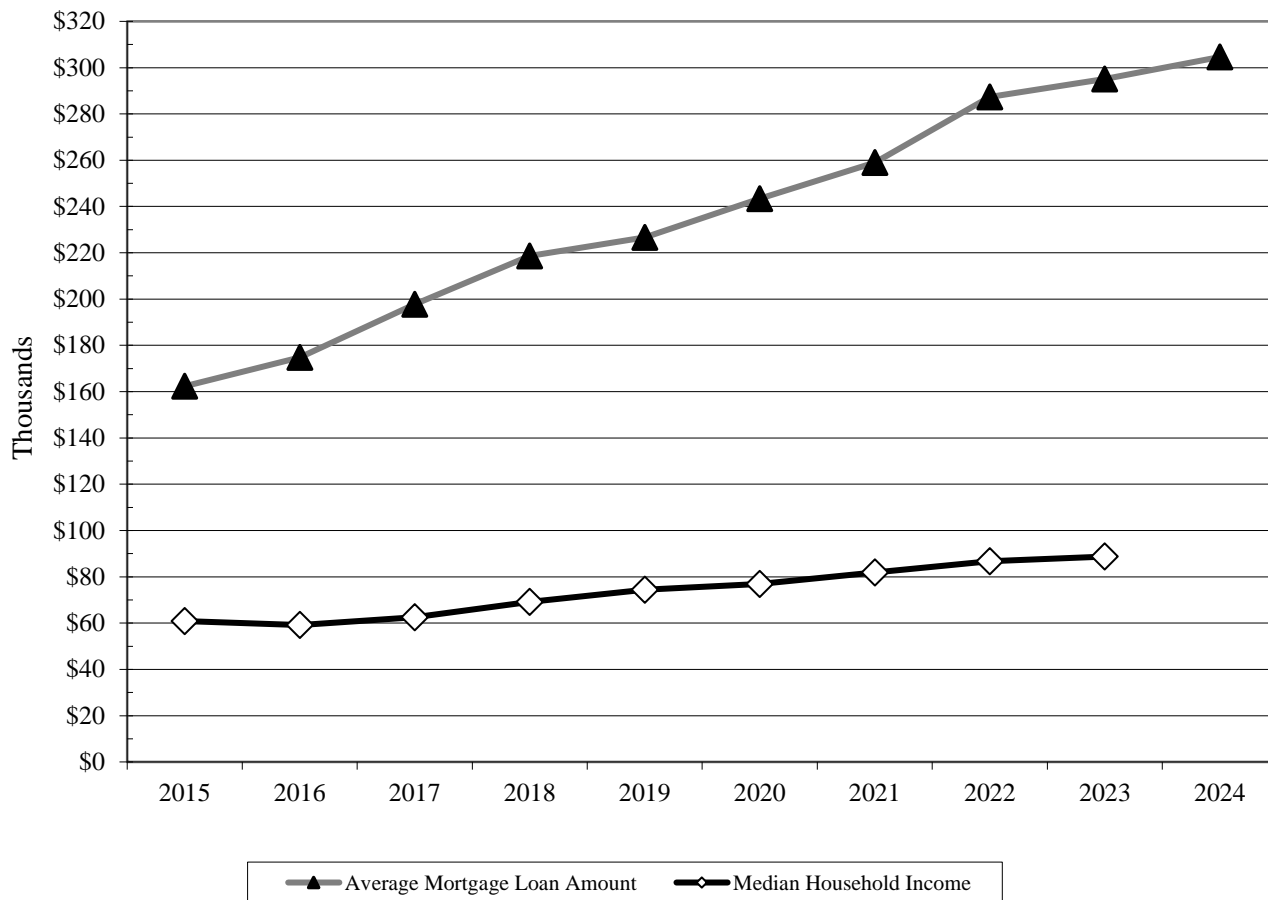
June 30, 2024

County	Elderly and Disabled Housing Program		Mortgage Revenue Bonds		Multifamily Housing Revenue Bonds	
	Number of Loans	Principal Amount	Number of Loans	Principal Amount	Number of Loans	Principal Amount
Baker	1	\$ 49,240	26	\$ 3,373,961	-	\$ -
Benton	4	1,078,387	43	5,452,481	-	-
Clackamas	10	133,397	285	61,064,475	1	3,892,990
Clatsop	1	15,376	12	1,838,006	-	-
Columbia	3	170,343	124	32,440,712	1	802,746
Coos	2	2,667	132	24,163,689	-	-
Crook	0	-	99	24,640,365	-	-
Curry	0	-	6	1,002,676	-	-
Deschutes	2	46,219	376	76,130,064	-	-
Douglas	2	26,871	134	20,631,726	1	693,414
Gilliam	2	29,981	1	287,036	-	-
Grant	0	-	5	1,049,436	-	-
Harney	2	507,203	14	1,524,474	-	-
Hood River	0	-	11	1,596,984	-	-
Jackson	2	2,534	305	54,974,977	1	711,114
Jefferson	0	-	110	24,840,602	-	-
Josephine	3	303,649	355	65,093,870	-	-
Klamath	0	-	140	14,871,836	-	-
Lake	1	47,823	18	2,155,522	-	-
Lane	10	420,437	222	25,437,903	1	830,171
Lincoln	4	1,516,775	34	3,713,007	-	-
Linn	7	727,512	135	22,755,963	-	-
Malheur	1	584,971	31	2,602,406	-	-
Marion	32	18,331,324	356	43,717,909	1	126,863
Morrow	0	-	17	1,508,880	-	-
Multnomah	39	11,053,428	1,423	270,358,400	7	9,590,927
Polk	3	395,403	68	11,702,179	-	-
Sherman	1	118,399	1	151,717	-	-
Tillamook	0	-	21	4,525,266	-	-
Umatilla	0	-	116	11,941,043	-	-
Union	2	89,558	45	5,384,621	-	-
Wallowa	1	482,082	4	454,283	1	8,262,650
Wasco	0	-	8	1,408,457	-	-
Washington	4	99,966	394	81,151,162	-	-
Wheeler	0	-	1	182,462	-	-
Yamhill	4	841,480	130	26,398,509	-	-
Total	143	\$ 37,075,025	5,202	\$ 930,527,059	14	\$ 24,910,875

Housing Finance Account		Total	
Number of Loans	Principal Amount	Number of Loans	Principal Amount
-	\$ -	27	\$ 3,423,201
1	12,559	48	6,543,427
5	83,022	301	65,173,884
1	11,797	14	1,865,179
3	55,683	131	33,469,484
-	-	134	24,166,356
4	55,178	103	24,695,543
-	-	6	1,002,676
2	24,726	380	76,201,009
6	69,756	143	21,421,767
-	-	3	317,017
1	11,537	6	1,060,973
-	-	16	2,031,677
-	-	11	1,596,984
6	760,712	314	56,449,337
8	250,277	118	25,090,879
1	12,486	359	65,410,005
4	43,168	144	14,915,004
1	8,739	20	2,212,084
8	113,477	241	26,801,988
4	47,273	42	5,277,055
3	43,434	145	23,526,909
-	-	32	3,187,377
25	354,953	414	62,531,049
2	22,454	19	1,531,334
18	249,013	1,487	291,251,768
7	99,694	78	12,197,276
-	-	2	270,116
1	12,423	22	4,537,689
10	108,166	126	12,049,209
-	-	47	5,474,179
-	-	6	9,199,015
3	306,643	11	1,715,100
7	102,573	405	81,353,701
-	-	1	182,462
4	54,391	138	27,294,380
135	\$ 2,914,134	5,494	\$ 995,427,093

Oregon Housing & Community Services Department
Average New Mortgage Loan Amount Versus Median Household Income -
Single Family Mortgage Program
Enterprise Funds
Last Ten Years

Unaudited

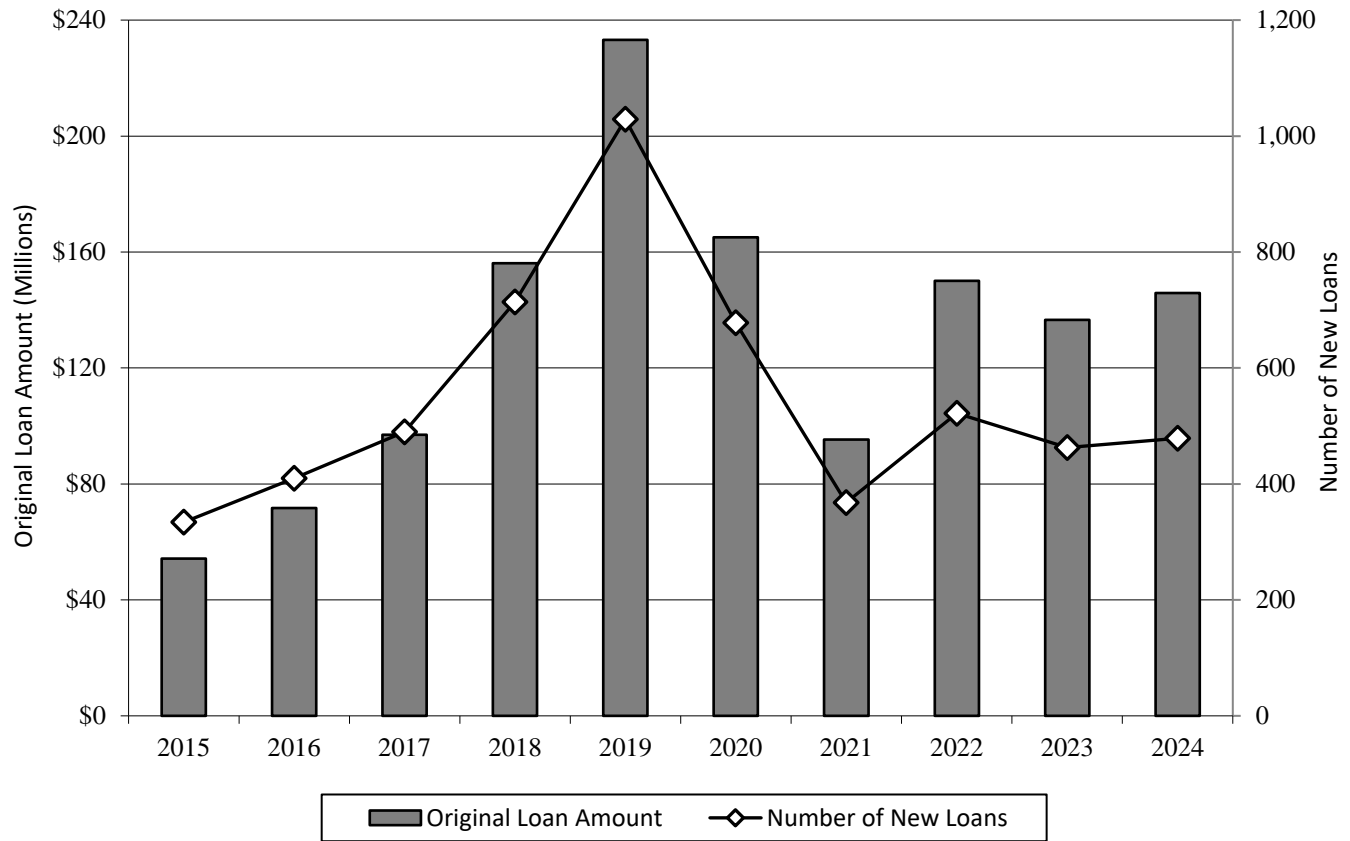


<u>Fiscal Year</u>	<u>Average Loan Amount</u>	<u>Calendar Year</u>	<u>Median Household Income in the State of Oregon</u> ⁽¹⁾
2024	\$ 304,596		
2023	295,115	2023	\$ 88,740
2022	287,410	2022	86,780
2021	259,057	2021	81,850
2020	243,410	2020	76,850
2019	226,631	2019	74,410
2018	218,672	2018	69,170
2017	197,785	2017	62,500
2016	174,792	2016	59,140
2015	162,334	2015	60,830

⁽¹⁾ Source: US Census Bureau (Table H-8) - www.census.gov/data/tables/time-series/demo/income-poverty/historical-income-households.html

Oregon Housing & Community Services Department
New Mortgage Loans - Single-Family Mortgage Program
Enterprise Funds
Last Ten Fiscal Years

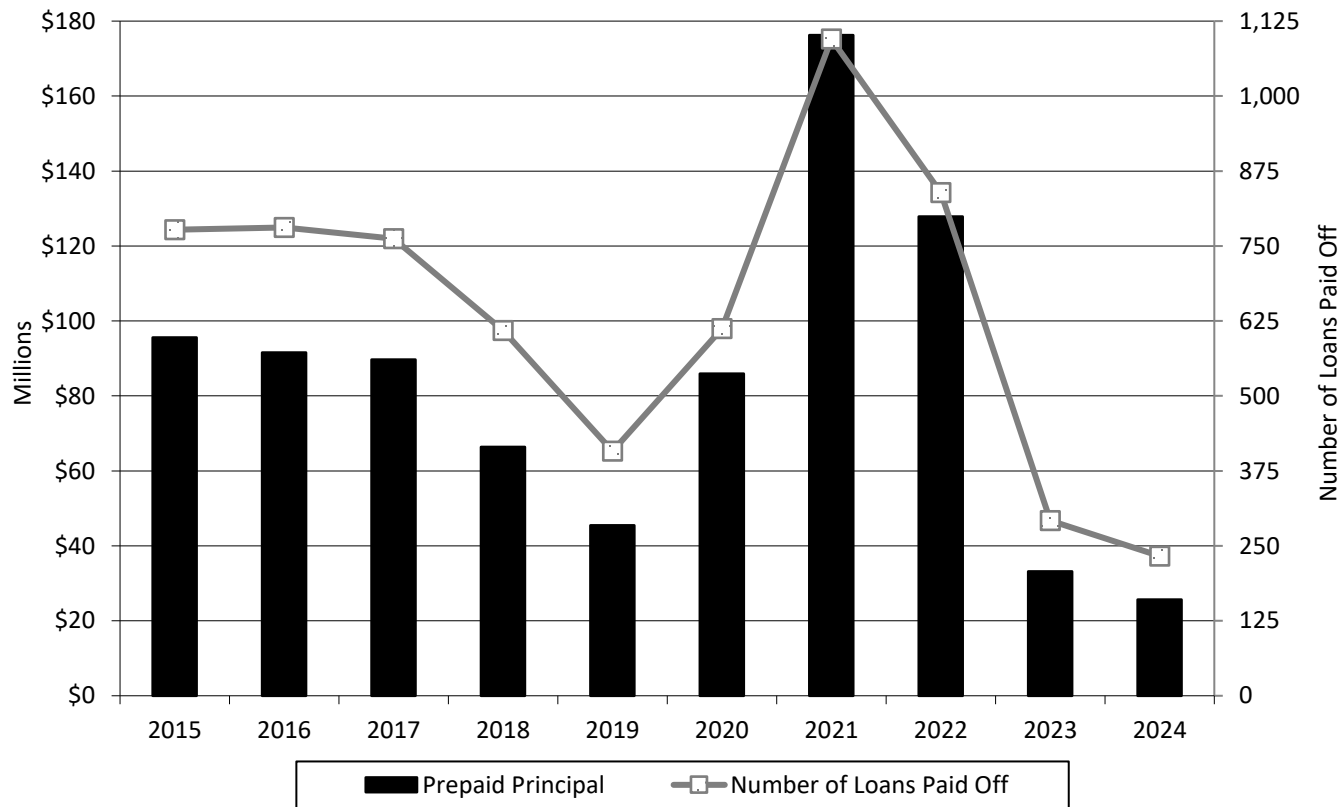
Unaudited



Fiscal Year	Number of New Loans	Original Loan Amount
2024	479	\$ 145,901,323
2023	463	136,638,159
2022	522	150,027,831
2021	368	95,332,814
2020	678	165,032,101
2019	1,029	233,203,348
2018	714	156,131,888
2017	490	96,914,554
2016	410	71,664,632
2015	334	54,219,431

Oregon Housing & Community Services Department
Mortgage Loans Paid Off - Single-Family Mortgage Program
Enterprise Funds
Last Ten Fiscal Years

Unaudited



Fiscal Year	Number of Loans Paid Off	Prepaid Principal
2024	233	\$ 25,674,721
2023	292	33,150,016
2022	839	127,881,513
2021	1,095	176,269,997
2020	612	85,890,206
2019	408	45,414,416
2018	609	66,400,638
2017	762	89,704,744
2016	781	91,544,807
2015	777	95,583,596

Oregon Housing & Community Services Department

Number of Employees

Last Ten Fiscal Years

Unaudited

	Full-Time-Equivalent Employees as of June 30									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Director's Office	13.0	12.0	10.0	4.0	3.0	3.0	3.0	13.0	11.0	10.0
Deputy Director's Office	10.0	11.0	12.0	63.0	52.0					
Central Services Division	84.0	72.0	66.0							
Public Affairs Division	17.0	20.0	17.0	10.0	11.0	9.0	9.0	7.0	7.0	10.0
Housing Stabilization Division	58.0	52.0	32.0	30.0	25.8	32.8	32.8	29.5	23.5	27.8
Homeownership Division	35.0	36.0	34.0	21.0	24.0					
Affordable Rental Housing Division	130.0	96.0	81.0	71.0	60.0					
Disaster Recovery & Resiliency	28.0	22.0	6.0							
Housing Finance Division						79.0	71.0	65.5	51.5	53.5
Chief Financial Office						19.0	19.0	22.0	21.0	20.0
Chief Operations Office						21.0	18.0			
Total	375.0	321.0	258.0	199.0	175.8	163.8	152.8	137.0	114.0	121.3

OHCS's divisions were reorganized in 2020.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Other Reports



Kip Memmott
Division Director

Independent Auditor's 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

The Honorable Tina Kotek
Governor of Oregon

Andrea Bell, Executive Director
Oregon Housing and Community Services Department

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 Elderly and Disabled Housing Fund and the Housing Finance Fund, which collectively comprise the Housing and Community Services Fund, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Housing and Community Service Fund's basic financial statements, and have issued our report thereon dated October 28, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing and Community Services Department's (department) 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department'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.

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

255 Capitol St NE, Ste 180
Salem, Oregon 97310

LaVonne Griffin-Valade
Oregon Secretary of State

Cheryl Myers
Deputy Secretary & Tribal Liaison

Information (503) 986-2255
sos.oregon.gov/audits

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 department'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 department'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 department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of the Secretary of State, Audits Division

State of Oregon

October 28, 2024

[THIS PAGE INTENTIONALLY LEFT BLANK]

DTC AND BOOK-ENTRY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Offered Bonds. The Offered Bonds will be issued 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 Bond certificate will be issued for each maturity of each Series of the Offered Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, 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 and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) 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” and together with Direct Participants, the “Participants”). DTC has Standard & Poor’s rating: 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 (information on the DTC website is not a part of the Official Statement).

Purchases of the 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 the 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 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 Bond 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. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of a maturity of a Series of the Offered Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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 Department 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 Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption price, purchase price and interest payments 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 Department or the Trustee, on each payment 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 Department, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price, purchase price (if applicable) and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Department or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners is 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 Department or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bond certificates are required to be printed and delivered.

The Department may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor depository). In that event, Offered Bond certificates will be printed and delivered to DTC.

The information herein concerning DTC and DTC's book-entry system has been obtained from sources that the Department believes to be reliable, but the Department takes no responsibility for the accuracy thereof.

So long as Cede & Co. is the registered owner of the Offered Bonds, as nominee for DTC, reference herein to the registered owners of the Offered Bonds (other than under the heading "TAX MATTERS" in the Official Statement) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Offered Bonds.

DTC may discontinue providing its services as securities depository with respect to the Offered Bonds at any time by giving reasonable notice to the Department or the Trustee. The Department, in its sole discretion and without the consent of any other person but pursuant to DTC's procedures, may terminate the services of DTC with respect to the Offered Bonds. In the event that no substitute securities depository is found by the Department or restricted registration is no longer in effect, the Offered Bond certificates will be printed and delivered as provided in the Indenture and registered in accordance with the instructions of the purchasers, and the following requirements of the Indenture will apply. Interest on the Offered Bonds will be payable by check mailed by the Trustee to the registered owner thereof at the address appearing on the registration books as of the Regular Record Date (the 15th day of the month prior to the interest payment date) or a Special Record Date, as applicable. The principal of and redemption premium, if any, and interest due at maturity or redemption on the Offered Bonds will be payable at the corporate trust office of the Trustee or the Paying Agent upon presentation of the Offered Bonds on or after the date of maturity or redemption. Upon each exchange or transfer of the Offered Bonds, the subsequent owner will be required to pay any tax, fee or other governmental charge, except (1) with respect to the delivery of definitive Bonds in exchange for

temporary Bonds or (2) as otherwise provided in the Indenture. Neither the Trustee nor the Department will be required to make any exchange or registration of transfer during the 15-day period preceding the date of the first publication of a notice of redemption, or after such Offered Bonds or any portion thereof have been selected for redemption. Registration of ownership of Bonds may be made only on the books held at the corporate trust office of the Trustee for that purpose.

[THIS PAGE INTENTIONALLY LEFT BLANK]

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”), dated June __, 2025, is executed and delivered by the State of Oregon, acting by and through its State Treasurer (the “State Treasurer”) and its Housing and Community Services Department (the “Department”; together with the State Treasurer, the “Issuer”), in connection with the issuance of the State of Oregon Housing and Community Services Department Mortgage Revenue Bonds (Single-Family Mortgage Program), 2025 Series A and 2025 Series B (collectively, the “Offered Bonds”). The Offered Bonds are being issued and delivered pursuant to a Trust Indenture dated as of May 1, 1988, as amended and restated (the “Indenture”), and a Housing Finance Bond Declaration, approved and filed in the Office of the State Treasurer (the “Bond Declaration”). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Indenture and the Bond Declaration, as applicable.

Section 1. *Purpose of Certificate.* This Certificate is being executed and delivered by the Issuer for the benefit of holders of the Offered Bonds and to assist the underwriters of the Offered Bonds in complying with paragraph (b)(5) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the “Rule”).

Section 2. *Annual Financial Information.* The Issuer, as the “obligated person” for purposes of the Rule, hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions thereof contemplated by this Certificate (the “MSRB”), financial information regarding the Department and the Single-Family Mortgage Program (the “Program”) of the type set forth in the Official Statement for the Offered Bonds under the following captions:

The Department

- Funds and Accounts of the Department
- *Combined Program Account in the Housing Finance Fund*

The Program

- Certain Information Relating to Outstanding Mortgage Loans
- Certain Information Relating to Outstanding Guaranteed Mortgage Securities
- Certain Information Relating to Mortgage Loan Delinquencies and Foreclosures
- Amounts Available to Purchase Mortgage Loans and Guaranteed Mortgage Securities
- Outstanding Mortgage Revenue Bonds

Appendix B - Oregon Housing and Community Services Department Financial Statements

Such financial information shall also include information with respect to the amounts on deposit in the Insurance Reserve Account and the Debt Reserve Account.

The financial information described above will be filed no later than 9 months after the fiscal year end of the Department. Such information will include audited financial statements prepared in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time; provided, however, that if audited financial statements are not available within 9 months after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the U.S. Securities and Exchange Commission. If the document included by cross-reference is a final official statement, it must be available from the MSRB.

Section 3. *Notice Events*. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of such event, to the MSRB, notice of the occurrence of any of the following events with respect to the Offered Bonds:

- a. principal and interest payment delinquencies;
- b. nonpayment related defaults, if material;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. 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 of determinations with respect to the tax status of the Offered Bonds, or other material events affecting the tax status of the Offered Bonds;
- g. modifications to rights of the holders of the Offered Bonds, if material;
- h. Offered Bond calls, if material and tender offers;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Offered Bonds, if material;
- k. rating changes;
- l. bankruptcy, insolvency, receivership or similar event of the Issuer[†];
- m. the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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;
- n. appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. incurrence of a financial obligation^{††} of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect holders of the Offered Bonds, if material; and
- p. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation^{††} of the Issuer, any of which reflect financial difficulties.

[†] For the purposes of the event identified in clause l. 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 Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer.

^{††} For the purposes of the events identified in clauses o. and p., “financial obligation” means “financial obligation” as such term is defined in the Rule.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Offered Bonds, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. *Failure to File Annual Financial Information.* The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of a failure by the Issuer to provide the annual financial information described in Section 2 above on or prior to the time set forth in Section 2.

Section 5. *Dissemination Agent.* The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. *Transmission of Notices, Documents and Information.* (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB’s Electronic Municipal Markets Access (“EMMA”) system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB (currently, portable document format (pdf), which must be word-searchable except for non-textual elements) and shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. *Termination of Obligations.* Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer’s obligation to provide annual financial information and notice of material events, as set forth herein, shall terminate if and when the Issuer no longer remains an obligated person with respect to the Offered Bonds, which shall occur upon payment or redemption of the Offered Bonds in full or upon the legal defeasance of the Offered Bonds in accordance with Article XI of the Indenture. In addition, and notwithstanding the provisions of Section 9 below, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Offered Bonds, and (ii) the Issuer notifies and provides to the MSRB a copy of such legal opinion.

Section 8. *Enforceability and Remedies.* The Issuer agrees that this Certificate is intended to be for the benefit of the beneficial owners and holders of the Offered Bonds and shall be enforceable by or on behalf of any such holders; provided that the right of any beneficial owner to challenge the adequacy of the information furnished pursuant to this Certificate shall be limited to an action by or on behalf of the holders of the Offered Bonds representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Offered Bonds. Any failure by the Issuer to comply with the provisions of this Certificate shall not be an Event of Default under the Indenture or the Bond Declaration. This Certificate confers no rights on any person or entity other than the Issuer, the beneficial owners and holders of the Offered Bonds and any Dissemination Agent.

Section 9. *Amendment.* Notwithstanding any other provision of this Certificate (but without limiting the provisions of Section 7 above), the Issuer may amend this Certificate, without the consent of the holders of the Offered Bonds, under the following conditions:

- (1) The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Issuer, or type of business conducted;
- (2) This Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (3) The amendment does not materially impair the interest of the holders of the Offered Bonds, as determined either by parties unaffiliated with the Issuer (such as the trustee for the Offered Bonds or

nationally recognized bond counsel), or by approving vote of holders of the Offered Bonds pursuant to the terms of the Indenture at the time of the amendment.

The Issuer shall provide notice of any amendment which changes the accounting principles followed by the Department in preparation of its annual financial information to the MSRB.

The initial annual financial information after the amendment shall explain, in narrative form, the reasons for the amendment and the effect of the change in the type of operating data or financial information being provided.

Section 10. *Choice of Law*. This Certificate shall be governed by and construed and enforced in accordance with the laws of the State, notwithstanding its conflict-of-law principles, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 11. *Counterparts*. This Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

STATE OF OREGON

Elizabeth Steiner, MD
State Treasurer

By _____
Director, Debt Management Division

Date: June __, 2025

**STATE OF OREGON HOUSING AND
COMMUNITY SERVICES DEPARTMENT**

By _____
Deputy Director

Date: June __, 2025

REDEMPTION PRICE TABLE FOR CERTAIN REDEMPTIONS

The PAC Bonds that are redeemed pursuant to the first paragraph under “THE OFFERED BONDS – Redemption Provisions – Special Redemption” or the second paragraph under “– Optional Redemption” will be redeemed at the respective Redemption Prices on the redemption dates set forth below.

<u>Redemption Dates</u>	<u>Redemption Prices</u>
January 1, 2026	%
July 1, 2026	
January 1, 2027	
July 1, 2027	
January 1, 2028	
July 1, 2028	
January 1, 2029	
July 1, 2029	
January 1, 2030	
July 1, 2030	
January 1, 2031	
July 1, 2031	
January 1, 2032	
July 1, 2032	
January 1, 2033	
July 1, 2033	
January 1, 2034	
July 1, 2034	
January 1, 2035	
July 1, 2035	
January 1, 2036	
July 1, 2036	
January 1, 2037	
July 1, 2037 and thereafter	

The applicable Redemption Price for any date other than those above will be determined by the Department using straight-line interpolation between the respective Redemption Prices for the immediately preceding and succeeding dates, based on the number of days between such dates.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**PROJECTED PERCENTAGES OF INITIAL PRINCIPAL BALANCE OUTSTANDING
AND PROJECTED WEIGHTED AVERAGE LIVES FOR THE PAC BONDS**

Set forth in the table below are projected percentages of initial principal balance outstanding and projected weighted average lives for the PAC Bonds under various prepayment speeds. “Projected percentages of initial principal balance outstanding” refers to the principal balance of a security that will be outstanding on a specified date expressed as a percentage of the initial principal amount of such security. The “projected weighted average life” of a security refers to the average amount of time, measured here in years, that is projected to elapse from the date of delivery of such security to the date of projected payment to the investor of each dollar paid to reduce the principal of such security (assuming no losses). The projected weighted average life of a security is determined by (a) multiplying each projected reduction, if any, of the outstanding amount of such security by the number of years from the date of delivery of such security to the related redemption date or maturity date, (b) adding the results and (c) dividing the sum by the initial outstanding amount of such security. The calculation of the projected weighted average lives of the PAC Bonds set forth below is hypothetical, based on the making of certain assumptions, which are the same as those made under the caption “THE OFFERED BONDS – Redemption Provisions – *Special Redemption of the PAC Bonds*” in the Official Statement, except, in the case of the last row of the following table, clause (4) thereunder.

**Projected Percentages of Initial Principal Balance Outstanding and Weighted Average Lives
\$26,540,000* 2025 Series A PAC Bonds due July 1, 2055***

Prepayment Assumption (expressed as a percentage of SIFMA Standard Prepayment Model)

	<u>0</u>	<u>25</u>	<u>50</u>	<u>75</u>	<u>100</u>	<u>200</u>	<u>300</u>	<u>400</u>	<u>500</u>	<u>600</u>	<u>700</u>	<u>800</u>
Initial Percentage	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
July 1, 2026	100.0	99.6	99.2	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7	98.7
July 1, 2029	100.0	97.2	94.4	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5
July 1, 2030	100.0	92.8	85.6	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5	78.5
July 1, 2031	100.0	87.8	75.8	64.0	63.9	63.9	63.9	63.9	63.9	63.9	63.9	63.7
July 1, 2032	100.0	82.9	66.3	50.3	50.3	50.3	50.3	50.3	50.3	50.3	42.3	26.3
July 1, 2033	100.0	78.1	57.3	37.5	37.4	37.4	37.4	37.4	37.4	37.4	18.8	7.2
July 1, 2034	100.0	73.5	48.7	25.5	25.4	25.4	25.4	25.4	25.4	25.4	5.4	-
July 1, 2035	100.0	69.1	40.5	14.8	14.8	14.8	14.8	14.8	14.8	14.8	-	-
July 1, 2036	100.0	64.8	32.8	8.0	8.0	8.0	8.0	8.0	8.0	8.0	-	-
July 1, 2037	100.0	60.7	25.4	3.7	3.7	3.7	3.7	3.7	3.7	3.7	-	-
July 1, 2038	100.0	56.7	18.4	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-	-
July 1, 2039	100.0	52.9	11.9	-	-	-	-	-	-	-	-	-
July 1, 2040	100.0	49.3	5.7	-	-	-	-	-	-	-	-	-
July 1, 2041	100.0	45.9	-	-	-	-	-	-	-	-	-	-
July 1, 2042	100.0	42.6	-	-	-	-	-	-	-	-	-	-
July 1, 2043	100.0	39.4	-	-	-	-	-	-	-	-	-	-
July 1, 2044	100.0	36.5	-	-	-	-	-	-	-	-	-	-
July 1, 2045	100.0	33.7	-	-	-	-	-	-	-	-	-	-
July 1, 2046	100.0	31.1	-	-	-	-	-	-	-	-	-	-
July 1, 2047	100.0	28.7	-	-	-	-	-	-	-	-	-	-
July 1, 2048	100.0	26.5	-	-	-	-	-	-	-	-	-	-
July 1, 2049	100.0	24.5	-	-	-	-	-	-	-	-	-	-
July 1, 2050	100.0	22.8	-	-	-	-	-	-	-	-	-	-
July 1, 2051	100.0	21.2	-	-	-	-	-	-	-	-	-	-
July 1, 2052	100.0	19.8	-	-	-	-	-	-	-	-	-	-
July 1, 2053	85.2	15.7	-	-	-	-	-	-	-	-	-	-
July 1, 2054	66.0	11.4	-	-	-	-	-	-	-	-	-	-
July 1, 2055	45.5	7.2	-	-	-	-	-	-	-	-	-	-
July 1, 2056	23.5	3.4	-	-	-	-	-	-	-	-	-	-
July 1, 2057	-	-	-	-	-	-	-	-	-	-	-	-
First Payment or Redemption Date	1/1/2051	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026	1/1/2026
Last Payment or Redemption Date	7/1/2055	7/1/2055	7/1/2039	7/1/2037	7/1/2037	7/1/2037	7/1/2037	7/1/2037	7/1/2037	7/1/2037	7/1/2033	7/1/2032
Weighted Average Life (in years)												
Optional Call Not Exercised	28.0	14.5	7.4	5.5	5.5	5.5	5.5	5.5	5.5	5.5	4.8	4.4
Optional Call on 7/1/2033 Exercised	8.0	7.1	6.1	5.3	5.3	5.3	5.3	5.3	5.3	5.3	4.8	4.4

* Preliminary, subject to change.

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. Reference should be made to the Indenture itself for its complete text, copies of which are available from the Department upon request.

Certain Definitions

“Accreted Value” with respect to any Discount Bond means the present value as of any date of calculation of future scheduled payments of principal of and interest on such Discount Bond, such payments to be discounted semiannually on each January 1 and July 1 at a discount rate that is equal to the original issue yield to maturity.

“Amortized Value” means for securities purchased at a premium above or a discount below par, the value as of any given date obtained by amortizing the premium or discount over the period from the date of such purchase to the date of calculation at the original yield to maturity; and (a) in the case of securities purchased at a premium, by deducting the amount thus obtained from the purchase price, and (b) in the case of securities purchased at a discount, by adding the amount thus obtained to the purchase price.

“Authorized Newspapers” means not less than two newspapers or financial journals, printed in the English language and customarily published (except in the case of legal holidays) at least once a day for at least five days in each calendar week, one of which is of general circulation in the City of Portland, Oregon and the other of which is of general circulation in the Borough of Manhattan, City and State of New York.

“Authorized Officer” means the Director or the Treasurer and, in the case of any act to be performed or duty to be discharged, any other member, officer or employee of the State then authorized to perform such act or discharge such duty.

“Bond Counsel” means such attorney or firm of attorneys which is nationally recognized to deliver opinions on the validity of issuance of obligations by state and local governmental entities and, if applicable, on the exclusion of interest on such obligations from gross income for federal income tax purposes.

“Bond Year” means a twelve-month period commencing on July 1 in each year that Bonds are Outstanding.

“Costs of Issuance” means all items of expense, payable or reimbursable directly or indirectly by the Department and related to the authorization, sale and issuance of the Bonds and entering into of other Parity Obligation Instruments, as certified by an Authorized Officer, including but not limited to printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of any Fiduciary and other private parties performing services for the Department or under the Indenture in connection with the issuance or payment of Bonds, legal fees and charges, fees and disbursements of consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of Bonds and any other cost, charge or fee in connection with the original issuance of Bonds.

“Director’s Determination” means the formal written action of the Director, delivered to the Treasurer, the Trustee and each of the Rating Agencies, reflecting modifications to the Indenture with respect to one or more Series of Bonds, as permitted or required by the express terms of the Indenture or the Housing Finance Bond Declaration related to such Series.

“Discount Bonds” means (i) any Bond or Bonds offered for sale to the public or sold to the initial purchaser thereof at the time of sale thereof by the Department at an initial reoffering price or initial principal amount of less than 98% of the principal amount at maturity thereof without reduction to reflect underwriter’s discount or placement agent’s fees, and (ii) any other Bond or Bonds designated as Discount Bonds by the Housing Finance Bond Declaration related to the issuance of such Series of Bonds.

“Expenses” means amounts owing by or on behalf of the Department related to operation and maintenance of the Program.

“Fiduciary” means the Trustee and any Paying Agent, or any or all of them as appropriate.

“Government Obligations” means obligations of the United States of America or as to which the principal thereof and interest thereon are guaranteed by the United States of America.

“Guaranteed Mortgage Securities” means obligations representing undivided beneficial ownership interests (unless any other interest therein is allowed by the Act) in mortgage loans, which obligations are issued by or guaranteed by the Government National Mortgage Association, Fannie Mae, Federal Home Loan Mortgage Corporation or, to the extent set forth in a Director’s Determination, any other agency or instrumentality of or chartered by the United States to which the powers of any of them have been transferred or which have similar powers to purchase mortgage loans.

“Hedge Receipt” means, if and to the extent designated as such pursuant to the Housing Finance Bond Declaration authorizing the related Qualified Hedge or a Director’s Determination, the net amount, if any, required to be paid to the Department under a Qualified Hedge.

“Insurance Proceeds” means payments received with respect to the Mortgage Loans under any insurance policy or guarantee or under any fidelity bond or pursuant to a transfer of amounts held in the Insurance Reserve Account.

“Investment Obligations” means to the extent authorized by the Act for investment of moneys of the Department: (i) Government Obligations or obligations, rated in the highest letter rating category by each of the Rating Agencies, of any state of the United States of America or any political subdivision of such a state, payment of which is secured by an irrevocable pledge of such government obligations; (ii) bonds, debentures or other obligations issued by Federal Land Banks, Fannie Mae, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Federal Home Loan Banks, Federal Farm Credit Banks, the Tennessee Valley Authority, Farm Credit System Financial Assistance Corporation and the Resolution Funding Corporation; (iii) obligations issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America, or temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a requisition or payment agreement with the United States of America; (iv) time deposits, certificates of deposit or any other deposit with a bank, trust company, national banking association, savings bank, federal mutual savings bank, savings and loan association, federal savings and loan association or any other institution chartered or licensed by any state or the U.S. Comptroller of the Currency to accept deposits in such state (as used in the Indenture, “deposits” means obligations evidencing deposit liability which rank at least on a parity with the claims of general creditors in liquidation), which are (a) fully secured, to the extent not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, by direct obligations of the United States having a market value (exclusive of accrued interest) not less than the uninsured amount of such deposit or (b) secured to the extent, if any, required by the Department and made with an institution whose debt securities are rated at least equal to the then existing rating on the Bonds (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by the Rating Agencies; (v) repurchase agreements backed by or related to obligations described in (i), (ii) or (iii) above with any institution [x] whose debt securities are rated at least equal to the then existing rating on the Bonds (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by the Rating Agencies or [y] which will not impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies; (vi) investment agreements, secured or unsecured as required by the Department, with any institution whose debt securities are rated at least equal to the then existing rating on the Bonds (or equivalent rating of short-term obligations if the investment is for a period not exceeding one year) by the Rating Agencies; (vii) if rated at least as high as the letter rating category assigned to the Bonds by the Rating Agencies, direct and general obligations of or obligations guaranteed by any state or possession of the United States or the District of Columbia, to the payment of the principal of and interest on which the full faith and credit of such state, possession or the District of Columbia is pledged; (viii) obligations representing an ownership interest in the Oregon Short Term Fund

or the obligations underlying the Oregon Short Term Fund; (ix) obligations of any agency controlled or supervised by and acting as an instrumentality of the United States government pursuant to authority granted by the Congress of the United States whose timely payment is unconditionally guaranteed by the United States of America; or (x) short-term money market or investment funds or trusts (a) that are comprised exclusively of Government Obligations, (b) rated the highest short-term rating or at least the then-existing rating on the Bonds assigned to them by the Rating Agencies that are comprised exclusively of obligations described in clauses (i) through (ix) above, or (c) which will not impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies; *provided*, that it is expressly understood that the definition of Investment Obligations will be, and be deemed to be, expanded, or new definitions and related provisions will be added to the Indenture, thus permitting investments with different characteristics from those permitted which the Director deems from time to time to be in the interest of the Department to include as Investment Obligations, as reflected in a Director's Determination, if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then existing rating assigned to them by the Rating Agencies.

"Mortgage Pool Insurance" means a policy of insurance issued by a Private Mortgage Insurer providing for coverage on the full amount of any loss realized as a result of default in payment of principal of and interest on a Mortgage Loan (after taking into account amounts payable with respect thereto under any other insurance or guarantee), subject to a limitation on aggregate claims of 10% of the original principal amount of all Mortgage Loans financed by the related Series of Bonds.

"102% Parity Test" has the meaning set forth below under "Release of Amounts Free of Lien of the Indenture."

"Outstanding Bonds" means, as of any date, all Bonds theretofore authenticated and delivered by the Trustee under the Indenture, except:

- (a) any Bond cancelled by, or delivered for cancellation to, the Trustee because of payment at maturity or redemption or purchase prior to maturity;

- (b) any Bond deemed paid in accordance with the defeasance provisions of the Indenture; and

- (c) any mutilated, destroyed or lost Bond in lieu of or in substitution for which another Bond has been authenticated and delivered pursuant to the Indenture, unless proof satisfactory to the Trustee is presented that any mutilated, destroyed or lost Bond for which a Bond in lieu thereof or in substitution therefor has been authenticated and delivered is held by a bona fide purchaser, as that term is defined in Article Eight of the Uniform Commercial Code of the State, as amended, in which case both the Bond so substituted and replaced and the Bond or Bonds authenticated and delivered in lieu thereof or in substitution therefor will be deemed Outstanding.

"Parity Hedge Obligation" has the meaning set forth below under "Qualified Hedges."

"Parity Interest" means interest on Bonds and Parity Hedge Obligations.

"Parity Obligation" means Parity Interest and Parity Principal.

"Parity Obligation Instrument" means an instrument or other contractual arrangement, including Bonds, evidencing the Department's obligation to pay the Parity Obligation.

"Parity Principal" means principal of Bonds.

"Party" or "Parties" means any person(s), other than the Department, that is (are) a party (parties) to a Parity Obligation Instrument other than Bonds.

"Permitted Encumbrances" means (i) intervening liens of contractors, subcontractors, suppliers of materials and equipment and laborers as to which, by a bond or letter of credit or other lawful means acceptable to the

Department, indemnity has been provided or similar steps to secure the interest of the Department have been taken, (ii) ad valorem property taxes ratably accrued but not yet due and payable, (iii) severed mineral estates or interests, owned by others, and (iv) such other liens, encumbrances, reservations and other clouds on title as the Department determines do not materially impair the use or value of the premises.

“Pledged Property” means (a) all right, title and interest of the Department in and to the Guaranteed Mortgage Securities and in and to all other Mortgage Loans and related mortgage notes and mortgages (subject to the prior right of mortgagors to receive mortgage payment credits, or the U.S. Treasury Department to receive rebates, as required by the Code), financed with the proceeds of the Bonds and delivered to the Trustee to be held in trust under the Indenture, including (i) the present and continuing right to make claim for, collect, receive and receipt for all amounts receivable by the Department thereunder, (ii) to bring actions and proceedings under the mortgage notes and related mortgages or for the enforcement thereof, and (iii) to do any and all things that the Department is or may become entitled to do under the mortgage notes and related mortgages; (b) the proceeds of the sale of Bonds, Revenues and all other moneys in all Accounts established under the Indenture, including the investments, if any, thereof, and earnings, if any, thereon (other than (x) earnings on amounts held in special trust to pay debt service on the Parity Obligation Instruments, including Bonds, and any amounts held in the Special Account or (y) as may be set forth in a Housing Finance Bond Declaration or Supplemental Indenture with respect to any Account therein created) until applied in accordance with the terms of the Indenture; and (c) the money, securities and funds and all other right of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security under the Indenture.

“Prepayment” means any payment by a mortgagor or other recovery of principal on a Mortgage Loan which is not applied to a scheduled installment of principal and interest on a Mortgage Loan (including any deficiency in the payment of any scheduled installments of principal and interest then due and payable or interest paid in connection with a voluntary prepayment of a Mortgage Loan) and the portion of any Insurance Proceeds (to the extent not applied to the repair or restoration of any mortgaged premises), Liquidation Proceeds or other payments representing such principal amounts. The Bond Declaration provides that Prepayments shall also include prepayments of 2025 Series A Guaranteed Mortgage Securities and 2025 Series B Guaranteed Mortgage Securities.

“Principal” means (a) as such term references the principal amount of a Discount Bond or Discount Bonds, and with respect to (i) actions, requests, notifications, consents or direction of Bondowners related generally to events of default, matters affecting actions by Fiduciaries and supplemental indentures, (ii) required payment of principal on Bonds upon default or anticipated default pursuant to acceleration of maturity or otherwise, and (iii) the calculation of the percentage of Outstanding principal amount of Bonds for purposes of the 102% Parity Test, the Accreted Value thereof, calculated as of the interest payment date immediately preceding such date of calculation (unless such date of calculation is an interest payment date, in which case calculated as of the date of calculation) and (b) unless otherwise stated with respect to a Series of Bonds in the related Housing Finance Bond Declaration, as such term references the principal amount of any other Bond or Bonds, and with respect to any other matters affecting a Discount Bond or Discount Bonds, the principal amount at maturity of such Bond or Bonds.

“Private Mortgage Insurance” means a policy of insurance issued by a Private Mortgage Insurer providing for coverage on losses realized as a result of default in payment of principal of and interest on a Mortgage Loan.

“Private Mortgage Insurer” means a company qualified to provide insurance on mortgage loans purchased by the Federal Home Loan Mortgage Corporation or Fannie Mae, or any other agency or instrumentality of or chartered by the United States to which the powers of either of them have been transferred or which has similar powers to purchase mortgage loans, which company’s claims paying ability is rated by each of the Rating Agencies (i) if the company is the obligor on Private Mortgage Insurance, in one of its three highest letter rating categories at the time the Mortgage Loan subject to such Private Mortgage Insurance is financed by the Department and (ii) if the company is the obligor on Mortgage Pool Insurance, in at least as high a respective letter rating category as that assigned to the Bonds by such Rating Agencies at the time the policy is delivered to or on behalf of the Department.

“Qualified Hedge” means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Department with an entity that is a Qualified Hedge Provider at the time the arrangement is entered into; (ii) which is a cap, floor or collar; forward rate; future rate; swap; asset, index, price or

market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto or any similar arrangement; (iii) which is executed by the Department for the purpose of debt management, including managing interest rate fluctuations on Bonds and/or Mortgage Loans, but not for purposes of speculation; (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Hedge; and (v) which is entered into in compliance with the provisions of the Indenture described below under “Qualified Hedges.”

“Qualified Hedge Provider” means an entity (a) whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, at the time of entering into the related Qualified Hedge, are rated at least in the AA category (or an equivalent rating) by the Rating Agencies, or whose payment obligations under a Qualified Hedge are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability are rated at least AA (or an equivalent rating) by the Rating Agencies, or (b) whose payment obligations under the related Qualified Hedge are secured by a collateral agreement that, at the time of entering into the collateral agreement, is rated, or the entity’s (or a guarantor of the entity’s) obligations under the collateral agreement are rated, at least AA (or an equivalent rating) by the Rating Agencies; *provided*, that it is expressly understood that the definition of Qualified Hedge Provider will be, and be deemed to be, expanded, or new definitions and related provisions will be added to the Indenture by a Supplemental Indenture, thus permitting hedge providers with different characteristics from those permitted pursuant to (a) or (b) which the Department deems from time to time to be in the interests of the Department to include as Qualified Hedge Providers if at the time of inclusion such inclusion will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies.

“Rating Agencies” means the rating agency or agencies that have an outstanding rating on any of the Bonds, pursuant to request by the Department.

“Regular Record Date” means the 15th day of the month (whether or not a Business Day) preceding any interest payment date on the Bonds.

“Revenues” means all moneys received by or on behalf of the Department or Trustee representing (i) principal and interest payments on the Mortgage Loans (including payments with respect thereto from the Insurance Reserve Account) including all Prepayments representing the same and all prepayment premiums or penalties received in respect to the Mortgage Loans, (ii) proceeds of the sale of Mortgage Loans by or on behalf of the Department, (iii) interest earnings received on the investment of amounts in any Account (other than (x) earnings on amounts held in special trust to pay debt service on the Bonds and earnings on amounts held in the Special Account or (y) as may be set forth in a Housing Finance Bond Declaration or Supplemental Indenture with respect to any Account therein created), (iv) amounts deposited with the Trustee and reflected in the current Cash Flow Statement as necessary for the purposes of such Cash Flow Statement, (v) excess amounts transferred from the Debt Reserve Account to the Revenue Account and (vi) Hedge Receipts and Termination Receipts received pursuant to a Qualified Hedge. The Bond Declaration provides that Mortgage Loans shall include 2025 Series A Guaranteed Mortgage Securities and 2025 Series B Guaranteed Mortgage Securities for purposes of this definition.

“Series” means one of the series of Bonds issued under the Indenture.

“Special Record Date” means the date established by the Trustee for recognition on the registration books of the Department of ownership of Bonds which have been in default and as to which the Department has determined to make payment, notice of which will be mailed to Bondowners not less than ten days prior to such Special Record Date.

“Subordinated Contract Obligation” means any payment obligation of the Department (other than a payment obligation constituting a Parity Obligation) arising under (a) any Qualified Hedge, or portion of a Qualified Hedge, which has been designated as constituting a “Subordinated Contract Obligation” pursuant to the Housing Finance Bond Declaration or Director’s Determination authorizing such Qualified Hedge, and (b) any other contract, agreement or other obligation authorized by a Housing Finance Bond Declaration or Director’s Determination and designated as constituting a “Subordinated Contract Obligation” pursuant to such authorizing Housing Finance Bond Declaration or Director’s Determination. Each Subordinated Contract Obligation will be payable from the Pledged

Property subject and subordinate to the payments to be made with respect to the Parity Obligation, and will be secured by a lien on and pledge of the Pledged Property all as set forth in the Indenture or in the related Housing Finance Bond Declaration or a Director's Determination.

"Termination Payment" means, with respect to a Qualified Hedge, an amount required to be paid by the Department to a Qualified Hedge Provider as a result of the termination of the related Qualified Hedge or required to be paid by the Department into a collateral account as a source of payment of any termination payments, provided that Termination Payments will always be Subordinated Contract Obligations.

"Termination Receipt" means an amount required to be paid to the Department under a Qualified Hedge by the Qualified Hedge Provider as a result of the termination of such a Qualified Hedge.

"Value of the Property" means the lower of (i) the appraised value of the residential property securing a Mortgage Loan at the time the Mortgage Loan is closed, such appraised value being the fair market value as determined by an appraiser acceptable to the Department or (ii) the purchase price paid for the residential property securing a Mortgage Loan.

Notice of Redemption

The Indenture requires that notice of redemption be mailed not less than 15 days but not more than 90 days prior to the redemption date.

Regulations with Respect to Exchanges and Transfers

For every exchange or registration of transfer of Bonds the Department or, at the direction of the Department, 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 registration of transfer. Neither the Department nor the Trustee is required to make any such exchange or registration of transfer of Bonds during the 15 days preceding the date of first publication of notice of redemption, or after such Bonds or any portion thereof have been selected for redemption.

Provisions for the Issuance of Bonds

The Indenture authorizes Bonds to be issued from time to time in one or more Series without limitations as to amount except as may be provided by law. The Bonds of a Series, including Bonds issued to refund all or a portion of any other series of Bonds, may be authenticated and delivered only upon receipt by the Trustee of, among other things:

- (a) A certified copy of the Indenture and the Housing Finance Bond Declaration authorizing such Series of Bonds;

- (b) A counsel's opinion stating that (i) the Housing Finance Bond Declaration has been duly and lawfully executed and approved and is in full force and effect, (ii) the Indenture has been duly and lawfully authorized, executed and delivered by the State and is valid and binding upon, and enforceable against the State (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and similar laws affecting creditors' rights generally and subject to general principles of equity (whether considered in a proceeding at law or equity)), (iii) all conditions precedent to the delivery of said Bonds contained in the Indenture have been fulfilled, and (iv) said Bonds are valid and binding obligations of the State;

- (c) A Cash Flow Statement pursuant to the requirements of the Indenture;

- (d) A request and authorization to the Trustee signed by an Authorized Officer to authenticate and deliver such Bonds to the purchaser or purchasers identified therein upon payment to the Trustee for the account of the Department for the purchase price therefor; and

(e) With respect to refunding Bonds, a certificate of an Authorized Officer stating that the proceeds (excluding accrued interest but including any premium) of such refunding Bonds, together with any moneys to be withdrawn from the Revenue Account and the Debt Reserve Account by the Trustee and any other moneys which have been made available to the Trustee for such purposes, or the principal of and the interest on the investment of such proceeds or any such moneys, will be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded and the interest which will become due and payable on or prior to the date of their payment or redemption, the financing costs in connection with such refunding and to make any deposit to the Debt Reserve Account required by the Indenture.

Upon authentication and execution of such Bonds as required in the Indenture and receipt by the Trustee of the documents set forth above, the Trustee must deliver such Bonds to the purchasers thereof, but only upon payment to the Trustee of the purchase price thereof.

In addition, simultaneously with the delivery of such Bonds the Trustee must apply the proceeds of such Bonds to the accounts as specified in the Indenture.

Application of Bond Proceeds and Other Amounts

Upon delivery of any Series of Bonds, an amount at least equal to the Debt Reserve Requirement is required to be deposited into the Debt Reserve Account and to the extent required by the applicable Housing Finance Bond Declaration, an amount will be deposited into the Insurance Reserve Account. Proceeds of the Bonds and other amounts delivered upon issuance of Bonds, less an amount equal to the Costs of Issuance for such Bonds, which is required to be paid to the Department free and clear of the lien of the Indenture, and all or a portion of the Expenses as set forth in the applicable Housing Finance Bond Declaration, not required to be deposited into the Debt Reserve Account and which do not represent a premium, accrued interest or capitalized interest, are required to be deposited (except in the case of refunding Bonds) in the Series Subaccount within the Acquisition Account.

Qualified Hedges

The Department may, to the extent from time to time permitted pursuant to law, enter into Qualified Hedges. The Department's obligation to pay any amount under any Qualified Hedge may be secured by a pledge of, and a lien on, the Pledged Property, subject to the last sentence of this paragraph and subject to the last sentence under "Events of Default" below, on a parity with the lien securing Parity Obligations (a "Parity Hedge Obligation"), or may constitute a Subordinated Contract Obligation, as determined by the Department. No Qualified Hedge constituting a Parity Hedge Obligation may be entered into by the Department *unless* it has received (i) a signed writing from a financial advisor (nationally recognized on matters related to state and local government obligations) to the effect that the execution and implementation of such Parity Hedge Obligation is not expected to adversely affect the interest of the Bondowners, and (ii) evidence that the execution and delivery of such Parity Hedge Obligation at the time of such execution and delivery will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies. Parity Hedge Obligations do not include any payments of any termination (including Termination Payments) or other fees, expenses, indemnification or other obligations (other than Parity Interest) to a Party to a Qualified Hedge, which payments will be Subordinated Contract Obligations.

Establishment of Accounts

The Indenture establishes an Acquisition Account, Revenue Account, Debt Reserve Account and Insurance Reserve Account within the Housing Finance Fund. Amounts in these Accounts are to be held in trust by the Trustee separate and apart from all other funds of the Department.

Acquisition Account

Upon the issuance of a Series of Bonds, the Trustee is required to establish a Series Acquisition Subaccount within the Acquisition Account applicable to such Series of Bonds and must deposit the proceeds thereof into such

Subaccount in the amount designated in the applicable Housing Finance Bond Declaration; provided, that the applicable Housing Finance Bond Declaration may provide that proceeds of a Series of Bonds must be deposited to the credit of any Series Acquisition Subaccount established with respect to any other Series of Bonds.

Under the conditions set forth in the applicable Housing Finance Bond Declaration, the Trustee must transfer from any Series Acquisition Subaccount to the Revenue Account any amount specified in a written request by the Department from time to time for the purpose of redeeming or purchasing Bonds.

Costs of Issuance

Upon the issuance of a Series of Bonds, the Department must apply amounts designated in the related Housing Finance Bond Declaration to pay the Costs of Issuance related to the applicable Series of Bonds.

Revenue Account

(a) The Department will transfer to the Trustee all Revenues as received by the Department no less frequently than once every six-month period ending on the business day preceding each interest payment date. Except as described below under "Investment of Moneys," all Revenues are to be deposited in the Revenue Account as received by the Trustee.

(b) At any time from any amounts on deposit in the Revenue Account, the Trustee, upon direction of an Authorized Officer accompanied by a Cash Flow Statement, will endeavor to purchase Bonds or portions of Bonds then Outstanding, whether or not such Bonds or portions of Bonds are then subject to redemption, at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such Bonds or portion of Bonds, plus accrued interest. The expenses in connection with the purchase of any such Bonds will be paid by the Trustee from the Revenue Account or from any other moneys available therefor.

(c) Upon request by the Department, the Trustee will apply amounts deposited in the Revenue Account, representing Bond proceeds designated for accrued interest and capitalized interest on the Bonds, to pay for accrued interest in connection with the Trustee's purchase of Investment Obligations for deposit in any Account.

(d) The Trustee will transfer to the credit of the applicable Series Acquisition Subaccount amounts expended to pay accrued interest on the purchase of Mortgage Loans funded from amounts on deposit in such Account.

(e) At any time, upon written direction from an Authorized Officer accompanied by a Cash Flow Statement, the Trustee will transfer amounts in the Revenue Account to the credit of any Series Acquisition Subaccount or must apply amounts in the Revenue Account to the redemption of Bonds.

(f) As of each interest payment date, the Trustee must transfer, set aside or apply, as applicable, amounts in the Revenue Account in the following order: (i) an amount equal to any interest previously due and unpaid on the Bonds plus the interest on the Bonds which will become due and payable on such interest payment date (including any accrued interest payable in connection with a redemption of Bonds on such date), plus any Parity Interest which is not already included under this clause (i), will be set aside in special trust and applied as required under the Indenture; (ii) an amount equal to (a) an amount sufficient to cause the amounts on deposit in the Revenue Account, other than with respect to Sinking Fund Requirements, to equal any principal of the Bonds previously due and unpaid plus principal of the Bonds which is payable on such interest payment date, plus, if maturing principal of any Bonds is payable only once during each Bond Year, then one-half of the principal of such Bonds which is payable on the next succeeding interest payment date, plus (b) an amount sufficient to cause the amounts deposited in the Revenue Account with respect to Sinking Fund Requirements in the immediately preceding Bond Year or semiannual period, as applicable, to equal the redemption prices applicable to the Sinking Fund Requirements, if any, for such Bond Year or period, respectively, or, if other than on the first day of the Bond Year (with respect to Sinking Fund Requirements based upon a Bond Year), one-half of the redemption prices applicable to such Sinking Fund Requirement, will be set aside in special trust and applied as required under the Indenture; and (iii) an amount

must be transferred to the credit of the Debt Reserve Account sufficient to cause the amount on deposit in said Account to equal the Debt Reserve Requirement.

Payment of Principal and Interest

On each interest payment date (provided that if such date is a bank holiday then on the first business day thereafter), the Trustee will remit by mail or other method of transfer acceptable to the Department the amounts required for paying the Parity Interest as such becomes due and payable (i) to each owner of Bonds on such Bonds and (ii) to each Qualified Hedge Provider.

On each principal payment date (provided that if such date is a bank holiday then on the first business day thereafter), the Trustee will set aside in the Revenue Account the amounts required for paying the principal of Serial Bonds as such principal becomes due and payable.

The Trustee will call for redemption on the first day immediately following such Bond Year (with respect to annual Sinking Fund Requirements), or on the next succeeding interest payment date (with respect to semi-annual Sinking Fund Requirements), respectively, from moneys in the Revenue Account set aside for such purpose a principal amount of such Term Bonds or portions of Term Bonds of such Series then subject to redemption equal to the Sinking Fund Requirements for the Term Bonds of such Series and of each maturity for such respective period less the principal amount of any such Term Bonds previously retired by purchase. If the amount available in the Revenue Account in such Bond Year or such semi-annual period, as applicable, is not equal to the redemption prices applicable to the Sinking Fund Requirements for the Term Bonds of each such Series for such respective period less the Redemption Prices applicable to the principal amount of any such Term Bonds so retired by purchase, then the Trustee will apply the amount available in the Revenue Account to such redemption as required by direction of an Authorized Officer or, if no such direction has been timely delivered to the Trustee, such amount will be applied in proportion to the redemption prices applicable to the Sinking Fund Requirements for such respective period for the Term Bonds of each Series then Outstanding.

Debt Reserve Account

Moneys held for the credit of the Debt Reserve Account will be transferred or drawn upon for transfer, as applicable, by the Trustee to the Revenue Account to the extent that amounts on deposit therein are insufficient to pay Parity Interest or Parity Principal or redemption price payable on the Parity Obligation Instruments.

Moneys held for the credit of the Debt Reserve Account as of any interest payment date in excess of the Debt Reserve Requirement, upon request by the Department, will be transferred to the Revenue Account and thereafter treated as Revenues.

Release of Amounts Free of Lien of the Indenture

On any interest payment date, moneys held in the Revenue Account after application pursuant to the Indenture to pay debt service on the Bonds and any remaining Parity Interest and replenish the Debt Reserve Account, if necessary, will be transferred as follows:

(i) *first*, to the payment of Expenses, not to exceed in any Bond Year the aggregate of such amounts as are set forth with respect to all Series of Bonds in the respective Housing Finance Bond Declarations; and

(ii) *second*, to retirement of any Bonds required to be retired pursuant to the provisions of agreements with liquidity providers; *provided, however*, that such amounts will be payable only if and to the extent that a Cash Flow Statement has been filed with the Trustee, the requirements of all Accounts (other than the Insurance Reserve Account) established by the Indenture and the Act have been met and such Cash Flow Statement shows that, following each transfer for such Bond retirement, the aggregate of the amounts on deposit in the Acquisition Account, Revenue Account and Debt Reserve Account (determined, with respect to Investment Obligations, by reference to Amortized Value plus accrued interest

thereon), plus the aggregate principal balances of all Mortgage Loans and Guaranteed Mortgage Securities, plus accrued interest thereon (provided, that the Mortgage Loans related to properties acquired by the Department will be valued for these purposes at one-half of the outstanding principal balance thereof at the time of the Department's acquisition thereof), at least equal one hundred two percent (102%) of the aggregate outstanding principal amount of the Bonds plus accrued interest thereon (collectively, the "102% Parity Test"); and

(iii) *third*, unless otherwise provided in the Housing Finance Bond Declaration or the Director's Determination authorizing a Qualified Hedge, pursuant to the terms of any Qualified Hedge, to pay to Qualified Hedge Providers the amount of Subordinated Contract Obligations then due, *but* if available amounts are insufficient for such purposes, the amounts payable pursuant to each Qualified Hedge will be pro rata based upon the respective amounts due thereunder; *provided, however*, that no such payment will be made unless a Cash Flow Statement satisfying the 102% Parity Test has been filed with the Trustee; and

(iv) *fourth*, to the Department free and clear of the pledge and lien of the Indenture; *provided, however*, that no such payment to the Department will be made unless a Cash Flow Statement satisfying the 102% Parity Test has been filed with the Trustee.

Deficiencies in Revenue Account

In the event that amounts in the Revenue Account are insufficient on any Parity Obligation payment date to pay the principal of and interest on the Bonds due and unpaid on such date, or to pay amounts due under Qualified Hedges that are Parity Interest, amounts will be withdrawn, first from the Debt Reserve Account, second from the Acquisition Account and third from the Insurance Reserve Account, to the extent necessary to eliminate any such deficiency.

Moneys Sufficient to Pay Bonds and Other Parity Obligation Instruments

Whenever moneys and securities in the Debt Reserve Account and the Revenue Account are sufficient to pay, purchase or redeem the Bonds in whole and to pay all Parity Interest under Qualified Hedges in whole on the next interest payment date, and upon request by the Department, the Trustee will apply such moneys to the payment, purchase or redemption of the Bonds and payment of such Parity Interest under the Qualified Hedges, subject to the related Housing Finance Bond Declaration or Director's Determination.

Moneys Held in Trust

Amounts set aside to pay Parity Obligation Instruments until paid out to Bondowners or Parties must be held in special trust for such Bondowners or Parties and may be invested by the Trustee until dispensed and the earnings thereon will be paid to the Department as and when received by the Trustee free and clear of the lien of the Indenture.

Security for Deposits

Any and all money held by the Trustee in any Account, except as otherwise expressly provided in the Indenture, will be held in trust, and will not be subject to any lien, charge or attachment by any creditor of the Department or State.

All money deposited with the Trustee in any Account will, until invested, to the extent such deposits are in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency, be continuously secured for the benefit of the Department, the Bondowners and the Parties either (a) by lodging with the bank or trust company approved by the Department (the Trustee being approved by the Indenture as such bank or trust company) and by the Trustee, as custodian, or, if then permitted by law, by setting aside under control of the trust department of the bank holding such deposit as collateral security, Government Obligations or, with the approval of the Trustee, other marketable securities eligible as security for the deposit of trust funds under

regulations of the Comptroller of the Currency of the United States of America, having a market value at all times (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it will not be necessary, except as otherwise expressly provided, for the Trustee to give security for any money represented by obligations purchased as an investment of such money.

Investment of Moneys

Moneys deposited will, as nearly as is practicable, be fully and continuously invested or reinvested by the Trustee upon the direction of the Department in Investment Obligations which will be in such amounts and bear interest at such rates with the objective that sufficient money will be available to pay the Parity Interest when due and will mature, or will be subject to redemption at the option of the holder, with the objective that sufficient money will be available for the purposes intended. Except as provided in the immediately previous sentence, money held in any Account will, as nearly as may be practicable, be continuously invested and reinvested by the Trustee in accordance with a Department Request in Investment Obligations which mature, or which are subject to redemption at the option of the holder, not later than the respective dates when the money held for the credit of each such Account will be required for the purposes intended.

Except as described above under “Moneys Held in Trust” and under this heading “Investment of Moneys,” any interest paid on the investments in any Account will be credited to the Revenue Account and thereafter treated as Revenues, provided interest paid on the investments in the Insurance Reserve Account will be retained therein unless otherwise directed by the Department to be transferred to the Revenue Account. Any profit or loss resulting from such investment will be credited to or charged against the Account. The Trustee will sell at the best price obtainable or present for redemption any obligations whenever it is necessary to do so in order to provide money to meet any payment or transfer from any such Account. Neither the Trustee nor the Department will be liable or responsible for any loss resulting from any such investment.

In computing the amount on deposit to the credit of any Account, obligations in which money in such Account have been invested must be valued at Amortized Value plus the amount of interest on such obligations purchased with moneys in such Account.

Payment of Bonds

The Department covenants that it will promptly pay, but solely from the Accounts established under the Indenture, the principal or redemption price of every Bond and the interest thereon, on the dates and at the places and in the manner specified in the Indenture and in the Bonds, and will duly and punctually pay or cause to be paid all sinking fund payments, if any, becoming payable with respect to any Bonds.

Tax Covenants

The Department will at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes under any valid provision of law.

The Department covenants and agrees that it will not make or permit any use of the proceeds of the Bonds that would cause the Bonds to be “arbitrage bonds” within the meaning of the Code and further covenants that it will observe and not violate the requirements of the Code and regulations promulgated thereunder.

The Department further covenants and agrees with regard to compliance with the Code, as follows:

(a) The Department will take all reasonable steps to meet all the requirements of the Code, and, in the case of requirements that relate to the eligibility of the Mortgage Loans, or mortgage loans underlying Guaranteed Mortgage Securities, for tax-exempt financing specified in the Code, will take all reasonable steps to meet, and require the Mortgage Lenders to take all reasonable steps to meet, such requirements

before the Mortgage Loans, or mortgage loans underlying Guaranteed Mortgage Securities, are executed, and will establish reasonable procedures to ensure compliance with such requirements.

(b) The Department or its agent will conduct, or require the Mortgage Lenders to conduct, a reasonable investigation to determine whether the requirements that relate to the eligibility of the Mortgage Loans, or mortgage loans underlying Guaranteed Mortgage Securities, for tax-exempt financing have been satisfied and will correct, or require the Mortgage Lenders to correct, any failure to meet such requirements within a reasonable time after the failure is discovered by the Department or its agent or the applicable Mortgage Lender.

(c) The Department will assure that mortgagors are provided the credit on Mortgage Loan or underlying mortgage loan payments, or the U.S. Treasury is provided with the rebate, required by the Code.

The provisions set forth above will apply only to the Parity Obligation Instruments as to which the interest on the related Bonds will be excludable from gross income for federal income tax purposes, as determined in the related Housing Finance Bond Declaration.

Books and Records

The Trustee will keep proper books of record and account in which complete and accurate entries will be made of all its transactions relating to the receipts, disbursements, allocations and applications of all Mortgage Loan and Guaranteed Mortgage Securities repayments received by the Trustee under the Indenture, and such books will be available for inspection by the Department and any Bondowner during business hours, upon reasonable notice and under reasonable conditions.

On or before the tenth business day of each month the Trustee will furnish to the Department in accordance with the Indenture a statement of the Department's revenues and expenditures and of the changes in its fund balances during the previous month.

The Department will keep proper books of records and account for all its transactions, other than those recorded in the books maintained by the Trustee, and such books will be available for inspection by the Trustee and any Bondowner during business hours and upon reasonable notice.

Annual Audit and Report

Within 180 days of the end of each Bond Year, the Department will furnish to the Trustee (i) a statement of its revenues and expenses and of the changes in its fund balances during the previous Bond Year, certified to by an accountant and (ii) a report of its activities during the previous Bond Year.

Sale of Mortgage Loans

The Department may sell any Mortgage Loan held under the Indenture to realize the benefits of mortgage insurance or guaranty, or to replace or dispose of defective Mortgage Loans or for any other reason deemed appropriate by the Department.

Issuance of Additional Obligations

The Department, so long as any Parity Obligation is Outstanding, will not issue any bonds, notes or other evidences of indebtedness, other than the Parity Obligation Instruments, secured by any pledge of, or other lien or charge on, the Pledged Property nor will the Department create or cause to be created any lien or charge on the Pledged Property, other than the lien and pledge created under the Indenture. The Department may issue any bonds, notes or other evidences of indebtedness, which are payable from or secured by a lien and pledge on the Pledged Property provided that payment of such evidences of indebtedness and such lien and pledge are in all respects subordinate to the provisions of the Indenture and the lien and pledge created by the Indenture and any such evidences of indebtedness contain an appropriate recital with respect to such subordination.

Events of Default

Each of the following events is an “Event of Default”:

(a) payment of the principal or Redemption Price of any Bond is not made when due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds is not made when due and payable; or

(c) the State defaults in the due and punctual performance of any of the covenants or agreements contained in the Bonds or in the Indenture, and such default continues for a period of 90 days after written notice thereof to the Department by the Trustee, at its discretion or at the written request of the owners of not less than 25% in aggregate principal amount of the Outstanding Bonds.

Under no circumstances will the Department’s failure to pay (i) Parity Obligations with respect to any Parity Obligation Instruments other than Bonds, (ii) Termination Payments or (iii) Subordinated Contract Obligations, constitute an Event of Default.

Remedies

Upon the happening and continuance of any Event of Default specified above, the Trustee may, and upon the written direction of the owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding, must, by notice in writing to the Department, declare the principal of all the Bonds then Outstanding to be due and payable immediately; provided, that if at any time after the principal of the Bonds has been so declared to be due and payable, before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy, under the Indenture, money has accumulated in the Revenue Account sufficient to pay arrears of Parity Principal and Parity Interest, if any, upon all the Parity Obligation Instruments then Outstanding, and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee and the Department and all other amounts then payable by the Department under the Indenture have been paid or a sum sufficient to pay the same has been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement or provision contained in the Bonds or in the Indenture (other than a default in the payment of the Parity Principal then due and payable only because of such a declaration) has been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the owners of not less than 51% in the aggregate principal amount of the Bonds not then due and payable by their terms and then Outstanding will, by written notice to the Department, rescind and annul such declaration and its consequences, but no such rescission or annulment will extend to or affect any subsequent default or impair any right consequent thereon.

Upon the happening and continuance of any Event of Default specified above, then in every such case the Trustee may proceed, and upon the written direction of the owners of not less than 25% in aggregate principal amount of the Outstanding Bonds will proceed, to protect and enforce its rights and the rights of the Bondowners under applicable laws or under the Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the Indenture or in aid or execution of any power granted in the Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Indenture the Trustee will be entitled to sue for, enforce payment of and recover judgment for, in its own name and as Trustee of an express trust, any and all amounts then or after any default becoming, and at any time remaining, due from the Department for principal, premium, if any, interest or otherwise under any of the provisions of the Indenture or the Bonds and unpaid, with, to the extent permitted by the applicable law, interest on overdue payments of principal and of interest at the rate or rates of interest specified in the Bonds, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondowners, and to recover and enforce any judgment or decree against the Department, but solely as provided in

the Indenture and in the Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect, in any manner provided by law, the money adjudged or decreed to be payable.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding, will institute and maintain such suits and proceedings as it may be advised are necessary or expedient (i) to prevent any impairment of the Pledged Property by any acts which may be unlawful or in violation of the Indenture or of any resolution authorizing the issuance of the Bonds, or (ii) to preserve or protect the interests of the Bondowners, provided that such request is in accordance with law and the provisions of the Indenture and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the owners of Bonds not making such request.

Priority of Payments After Default

Anything in the Indenture to the contrary notwithstanding, if at any time the money in the Accounts is insufficient for the payment of principal of or interest then due on the Bonds, such money and any other amounts received or collected by the Trustee are to be applied as follows, after making provision for the payment of expenses to protect the interests of the owners of the Bonds and of charges, expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Indenture:

(a) If the principal of all Bonds has not become or been declared due and payable, all such money will be applied:

first: to the payment to the persons entitled thereto of all installments of Parity Interest (other than interest on overdue principal) then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any installment then to the payment thereof ratably according to the amounts due on such installment to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Parity Obligation Instruments;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds which have become due and payable (other than Bonds called for redemption for the payment of which money is held) in the order of their stated payment dates, with interest on the principal amount of such Bonds at the respective rates specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available is not sufficient to pay in full the principal of the Bonds by their stated terms due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds;

third: to the payment of the interest on and the principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, in accordance with the provisions of the Indenture; and

fourth: to the payment of any Subordinated Contract Obligation payable pursuant to the Indenture.

(b) If the principal of all Bonds has become or been declared due and payable, all such money will be applied:

first: to the payment of all remaining Parity Interest and Parity Principal, without preference or priority of such Parity Principal over such Parity Interest or of such Parity Interest over such Parity Principal, or of any installment of such Parity Interest over any other installment of such Parity Interest, or of any Parity Obligation Instruments over any other Parity Obligation Instrument, ratably, according to the amounts due respectively for Parity Principal and Parity

Interest, to the persons entitled thereto without any discrimination of preference except as to the respective rates of interest specified in the Parity Obligation Instrument; and

second: to the payment of any Subordinated Contract Obligations payable pursuant to the Indenture.

(c) If the principal of all the Bonds has been declared due and payable and if such declaration has thereafter been rescinded and annulled under the Indenture, then, subject to the provisions of the Indenture described above in subsection (b), in the event that the principal of all the Bonds later becomes or is declared due and payable, the money remaining in and thereafter accruing to the Revenue Account and the Debt Reserve Account, together with any other money held by the Trustee under the Indenture, will be applied in accordance with the provisions of the Indenture as described above in subsection (a).

Whenever the Trustee is to apply money in accordance with the foregoing provisions, it will do so at such times, and from time to time, as it in its sole discretion determines, having due regard to the amount of such money available for application and the likelihood of additional money becoming available. Deposit of such money with the Paying Agents, or otherwise setting aside such money in trust for the proper purpose, constitutes proper application by the Trustee, and the Trustee will incur no liability to the Department, to any Bondowner, to any Party, or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with the provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it will fix the date (which must be an interest payment date unless the Trustee deems another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date, and will not be required to make payment to the owner of any Bond or any Party until such Parity Obligation Instrument is surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Limitation on Rights of Bondowners

The owners of a majority in principal amount of the Bonds Outstanding will have the right, anything in the Indenture to the contrary notwithstanding, to direct the method and place of conducting all remedial proceedings or exercising any trust power conferred on the Trustee, provided that such direction is not inconsistent with the provisions of the Indenture and the Act and, in the sole judgment of the Trustee, is not unduly prejudicial to the interests of the Bondowners not joining in any such direction and provided such right will not impair the right of the Trustee in its discretion to take any other action under the Indenture which it may deem proper and which is not inconsistent with such direction by Bondowners.

No individual Bondowner may initiate legal proceedings to enforce rights under the Indenture unless such owner has given to the Trustee written notice of the Event of Default on account of which such proceeding is to be taken, and unless the owners of not less than 15% in aggregate principal amount of the Bonds then Outstanding have made written request of the Trustee after the right to exercise such right of action has occurred, and have afforded the Trustee a reasonable opportunity either to exercise the powers granted to it under the Indenture or to institute such proceedings in its or their name unless, also, there has been offered to the Trustee reasonable security and indemnity against costs, expenses and liabilities and the Trustee has refused or neglected to comply with such request within a reasonable time; provided however, that the owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all owners of Bonds.

Notice of Event of Default

The Trustee will mail to the Department and all Bondowners written notice of each Event of Default within 30 days after the Trustee has notice that any such Event of Default has occurred. The Trustee will not, however, be subject to any liability to any Bondowner by reason of a failure to mail any such notice.

Compensation and Indemnification of Trustee

Subject to the provisions of any contract between the Department and the Trustee relating to the compensation of such Trustee, the Department will pay, from the Pledged Property, to such Trustee reasonable compensation for all services rendered under the Indenture and also all reasonable expenses, charges and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture, and, from such source only, will indemnify and save the Trustee harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Indenture and which are not due to its negligence or default.

Resignation of Trustee

The Trustee may resign and thereby become discharged from the trusts created by the Indenture, by notice in writing to be given to the Department and published once in Authorized Newspapers, not less than 60 days before such resignation is to take effect, but such resignation will take effect immediately upon the appointment of a new Trustee under the Indenture, if such new Trustee will be appointed before the time limited by such notice and must then accept such trusts.

Removal of Trustee

The Trustee may be removed at any time by an instrument or concurrent instruments in writing executed by the owners of not less than a majority in principal amount of the Bonds secured by the Indenture and then Outstanding and filed with the Department. A facsimile copy of each such instrument will be delivered promptly by the Department to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of the Indenture with respect to the duties and obligations of the Trustee, by the Department acting alone or by any court of competent jurisdiction upon the application of the Department pursuant to resolution or of the owners of not less than 10% in aggregate principal amount of the Bonds then Outstanding under the Indenture.

Appointment of Successor Trustee

If at any time the Trustee resigns, is removed, is dissolved or otherwise becomes incapable of acting, or the bank or trust company acting as Trustee is taken over by any governmental official, agency, department or board, the position of Trustee will thereupon become vacant. If the position of Trustee becomes vacant for any of the foregoing reasons or for any other reason, the Department will appoint a Trustee to fill such vacancy. The Department will publish notice of any such appointment once each week for two successive weeks in Authorized Newspapers.

At any time within one year after any such vacancy has occurred, the owners of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Bondowners and filed with the Department, may appoint a successor Trustee, which supersedes any Trustee theretofore appointed by the Department.

If no appointment of a successor Trustee is made pursuant to the foregoing provisions within 10 days after a vacancy in the office of the Trustee has occurred, the retiring Trustee or the owner of any Bond Outstanding may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee must be a trust company or bank having its principal office in the State, duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having a combined capital, surplus and undivided profits aggregating at least \$25,000,000 at the time of its appointment.

Powers of Amendment

The Department may enter into any indentures supplemental to the Indenture:

- (a) to cure any ambiguity, defect or omission in the Indenture or in any Supplemental Indenture, or
- (b) to grant to or confer upon the Trustee for the benefit of the Bondowners any additional rights, remedies, powers, authority or security that may be lawfully granted to or conferred upon the Bondowners or the Trustee, or
- (c) to include as pledged revenues or money under the Indenture any additional revenues or money legally available therefor, or
- (d) to cure any ambiguity, correct or supplement any inconsistent provision, or make any additional provision not inconsistent with any provision in the Indenture, provided such action will not adversely affect the interest of the Bondowners, or
- (e) to add to the covenants and agreements of the Department in the Indenture or surrender any right or power reserved to or conferred upon the Department, or
- (f) to add provisions relating to Bonds with coupons or Bonds issued with book-entry delivery, if issued in such form by the Department, or
- (g) to modify any provisions of the Indenture in any respect whatever; provided that such modification is effective only after all Bonds of any Series Outstanding at the date of execution by the State of such Supplemental Indenture cease to be Outstanding and any such Supplemental Indenture is referred to in the text of all Bonds authenticated and delivered after the date of execution by the State of any such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof, or
- (h) to modify, amend or supplement the Indenture or any Housing Finance Bond Declaration in such manner as to permit, if presented, the qualification thereof under the Trust Indenture Act of 1939 or any similar Federal statute hereafter in effect or under any state Blue Sky Law, or
- (i) to surrender any right, power or privilege reserved to or conferred upon the Department by the terms of the Indenture, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Department contained in the Indenture, or
- (j) to add to the definition of Investment Obligations pursuant to the last proviso of the definition thereof, or
- (k) to make any other change that does not materially adversely affect the interest of the Bondowners (as to any change relating to security for the Bonds, evidence that such change, at the time of such change, will not, in and of itself, impair, or cause the Bonds to fail to retain, the then-existing rating assigned to them by the Rating Agencies, shall constitute sufficient evidence that such change does not materially adversely affect the interest of the Bondowners).

The holders of not less than 51% in aggregate principal amount of the Bonds then Outstanding will have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the State and the Trustee of any Supplemental Indenture deemed necessary or desirable by the Department for the purpose of modifying, altering, amending, adding to, repealing or rescinding any of the terms or provisions contained in the Indenture or in any Supplemental Indenture; provided, however, that no such amendment will take place without the consent of all Bondowners affected thereby, if there is (a) a change in the terms of redemption or of the maturity of the principal of or the interest on any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of the Revenues, or any part thereof, other than the lien and pledge created by the Indenture, or

(d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture. If any such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the owners of such Bonds will not be required.

Defeasance

If, when the Parity Obligation Instruments have become due and payable in accordance with their terms or otherwise as provided in the Indenture, or Bonds have been duly called for redemption or irrevocable instructions to call the Bonds for redemption have been given by the Department to the Trustee and (a) the whole amount of the principal of, redemption price, and the interest on all of such Parity Obligation Instruments has been paid, or (b) the Trustee holds either money, or Investment Obligations described in clause (i) of the definition thereof which are not callable or redeemable other than at the option of the holder thereof or holds both money and Investment Obligations described in clause (i) of the definition thereof which are not callable or redeemable other than at the option of the holder thereof sufficient to pay the principal of, redemption price, and interest on all Parity Obligation Instruments on their respective interest payment, stated maturity or prescribed redemption dates, provided that such Investment Obligations are in such amount that the principal of and the interest on Investment Obligations as held by the Trustee will, when due and payable, provide money which, with any and all other money held by the Trustee for such purpose under the provisions of the Indenture, will be sufficient to pay such principal of, redemption price, and the interest on such Parity Obligation Instruments and, if sufficient funds also have been provided for paying all other obligations (including amounts due under Qualified Hedges) payable under the Indenture by the Department, then and in that case the right, title and interest of the Trustee under the Indenture will thereupon cease, determine and become void, and the Trustee in such case, on demand of the Department, will release the Indenture and will release the security, and will execute such documents to evidence such release as may be reasonably required by the Department, and will turn over to the Department or to such officer, board, or body as may then be entitled to receive the same, all the remaining property held by the Trustee under the Indenture. Otherwise, the Indenture will continue and remain in full force and effect; provided, however, that in the event such Investment Obligations are deposited with and held by the Trustee as described above in this paragraph: (i) the Trustee will, within 30 days after such Investment Obligations have been deposited with it, cause a notice signed by the Trustee to be published once in Authorized Newspapers, setting forth (a) the date designated for the redemption of the Bonds, (b) that such Investment Obligations are held by it in accordance with the provisions described under this heading "Defeasance" and (c) that the Indenture has been released in accordance with the provisions described under this heading "Defeasance"; and (ii) applicable provisions of the Indenture pertaining to the payment of the principal of, redemption price, or interest on the Bonds, other Parity Obligation Instruments and other obligations (including amounts due under Qualified Hedges) payable under the Indenture by the Department, will be continued in force until such Bonds, other Parity Obligation Instruments and other obligations have been fully paid.

All money and Investment Obligations held by the Trustee pursuant to the provisions described under this heading "Defeasance" must be held in trust exclusively for and applied to the payment, when due, of the obligations payable therewith.

FORM OF PROPOSED APPROVING OPINION OF BOND COUNSEL
(Letterhead of Hawkins Delafield & Wood LLP)

State of Oregon Housing
and Community Services Department
725 Summer Street NE, Suite B
Salem, Oregon

We have examined a record of proceedings relating to the issuance by the State of Oregon (the “State”) of its Mortgage Revenue Bonds (Single-Family Mortgage Program), 2025 Series A, in the aggregate principal amount of \$_____ (the “Series A Bonds”) and its Mortgage Revenue Bonds (Single-Family Mortgage Program), 2025 Series B, in the aggregate principal amount of \$_____ (the “Series B Bonds”; together with the Series A Bonds, the “Bonds”), as Bond Counsel to the Housing and Community Services Department of the State (the “Department”).

The Bonds are issued under and pursuant to the applicable provisions of the Oregon Constitution and Sections 286A.001 to 286A.195, inclusive, and Sections 456.515 to 456.725, inclusive, of the Oregon Revised Statutes, as amended (the “Act”), a Trust Indenture by and between the State, acting by and through the Department, and U.S. Bank Trust Company, National Association, Portland, Oregon, as trustee (the “Trustee”), dated as of May 1, 1988, as amended and restated (the “Indenture”), and a Housing Finance Bond Declaration (the “Bond Declaration”) of the Department. The Bonds are dated, mature on the dates, in the principal amounts, bear interest, if any, and are payable, as provided in the Indenture and the Bond Declaration. The Bonds are subject to redemption prior to maturity, in whole or in part, as set forth in the Indenture and the Bond Declaration.

Applicable federal tax law establishes certain requirements that must be met subsequent to the issuance of the Series A Bonds in order that the interest on the Series A Bonds not be included in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”). The Department has adopted documents with respect to its program (the “Program Documents”) that establish procedures under which, if followed, such requirements can be met. The State has covenanted in the Indenture to at all times perform all acts and things permitted by law and necessary and desirable in order to assure that interest paid on the Series A Bonds shall be excluded from gross income for federal income tax purposes under any valid provision of law. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of the reasonable expectations made by the Department and others in connection with the Series A Bonds. We have relied upon such covenant and have assumed compliance with and enforcement by the State and the Department of the provisions of the Indenture, the Bond Declaration and the Program Documents.

The State is not obligated to pay the Bonds or the interest thereon except from the revenues and assets pledged therefor under the Indenture. The Bonds do not constitute a debt, liability or general obligation of the State or any political subdivision thereof, and neither the faith and credit nor the taxing power of the State or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

We are of the opinion that:

1. The State has the right and power pursuant to the Act to enter into the Indenture, and the Indenture has been duly authorized, executed and delivered and, assuming due authorization, execution and delivery by the Trustee, constitutes a legally valid and binding obligation of the State enforceable in accordance with its terms.
2. The Bond Declaration has been duly adopted by the State, acting by and through the Department, and is valid and binding upon the State.

3. The Bonds are valid and legally binding special revenue obligations of the State secured in the manner and to the extent set forth in the Indenture and the Bond Declaration and are entitled to the benefit, protection and security of the provisions, covenants and agreements contained therein.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Series A Bonds is not treated as a preference item for purposes of calculating the alternative minimum tax under the Code; *however*, interest on the Series A 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. No opinion as to the exclusion from gross income of interest on any of the Series A Bonds is expressed subsequent to any date on which action is taken pursuant to the Indenture or the Bond Declaration for which action the Indenture or the Bond Declaration requires a legal opinion to the effect that taking such action will not adversely affect such exclusion, should the undersigned not deliver an opinion as of such date to such effect.

5. Interest on the Series B Bonds is included in gross income for federal income tax purposes pursuant to the Code.

6. Under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4, 5 and 6 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 A Bonds. We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

In rendering this opinion, we are advising you that the enforceability of the Bonds, the Indenture and the Bond Declaration may be limited by bankruptcy, moratorium, insolvency, or other laws affecting creditors’ rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, waiver, or severability provision contained in the documents described herein.

We have examined an executed Bond of each Series and, in our opinion, the forms of said Bonds and their execution are regular and proper.

Very truly yours,

