

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 2026**

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

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

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

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

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



**\$265,850,000\***

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY  
Commonwealth Mortgage Bonds**

**\$106,340,000\* 2026 Series J-Non-AMT, Subseries J-2**

**\$159,510,000\* 2026 Series L-Taxable**

**Price: As Shown on Inside Cover Pages**

**Dated Date: Date of Delivery**

**Due: As Shown on Inside Cover Pages**

Principal on the Offered Bonds is payable at maturity or prior redemption. Interest on the Offered Bonds commences to accrue on the date of delivery thereof and is payable semi-annually on each January 1 and July 1, commencing January 1, 2027. The Offered Bonds are subject to redemption including, but not limited to, sinking fund payments, without premium, prior to maturity as described herein.

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

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

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

The Offered Tax-Exempt Bonds are re-offered for delivery when, as and if the conditions precedent to the conversion of the interest rates thereon and the remarketing thereof are satisfied, subject to prior sale, or withdrawal or modification of the offer without notice. At the time of the issuance of the Offered Tax-Exempt Bonds on July 8, 2026, the Approving and Tax Opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, as more fully described in "Legal Matters" and "Tax Matters" herein was delivered. The Offered Taxable Bonds are offered for delivery when, as and if issued, subject to prior sale, or withdrawal or modification of the offer without notice. The Offered Taxable Bonds are offered subject to the receipt of the Approving Opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority, as more fully described in "Legal Matters" and "Tax Matters" herein. Certain legal matters will be passed upon for the Remarketing Agents and Underwriters by their counsel, Kutak Rock LLP, Washington, D.C. It is expected that the Offered Bonds will be available for delivery through DTC in New York, New York on or about October 21, 2026\*.

**Raymond James**

**BofA Securities**

**Morgan Stanley**

**Wells Fargo Securities**

September ..., 2026

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale or offer of the Offered Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**Maturity Schedule\***  
**Virginia Housing Development Authority**  
**Commonwealth Mortgage Bonds**

**\$106,340,000 2026 Series J-Non-AMT, Subseries J-2 – Price: 100%**

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Serial or Term</u> | <u>Interest Rate</u> | <u>CUSIP**</u> |
|----------------------|-------------------------|-----------------------|----------------------|----------------|
| January 1, 2028      | \$1,150,000             | Serial                |                      |                |
| July 1, 2028         | 1,395,000               | Serial                |                      |                |
| January 1, 2029      | 1,505,000               | Serial                |                      |                |
| July 1, 2029         | 1,580,000               | Serial                |                      |                |
| January 1, 2030      | 1,585,000               | Serial                |                      |                |
| July 1, 2030         | 1,580,000               | Serial                |                      |                |
| January 1, 2031      | 1,580,000               | Serial                |                      |                |
| July 1, 2031         | 1,580,000               | Serial                |                      |                |
| January 1, 2032      | 1,580,000               | Serial                |                      |                |
| July 1, 2032         | 1,580,000               | Serial                |                      |                |
| January 1, 2033      | 1,585,000               | Serial                |                      |                |
| July 1, 2033         | 1,585,000               | Serial                |                      |                |
| January 1, 2034      | 1,585,000               | Serial                |                      |                |
| July 1, 2034         | 1,590,000               | Serial                |                      |                |
| January 1, 2035      | 1,595,000               | Serial                |                      |                |
| July 1, 2035         | 1,600,000               | Serial                |                      |                |
| January 1, 2036      | 1,600,000               | Serial                |                      |                |
| July 1, 2036         | 1,610,000               | Serial                |                      |                |
| January 1, 2037      | 1,615,000               | Serial                |                      |                |
| July 1, 2037         | 1,620,000               | Serial                |                      |                |
| January 1, 2038      | 1,625,000               | Serial                |                      |                |
| July 1, 2038         | 1,635,000               | Serial                |                      |                |
| July 1, 2041         | 10,000,000              | Term                  |                      |                |
| July 1, 2046         | 17,795,000              | Term                  |                      |                |
| July 1, 2051         | 19,700,000              | Term                  |                      |                |
| January 1, 2057      | 24,485,000              | Term                  |                      |                |

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

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

**Maturity Schedule\***  
**Virginia Housing Development Authority**  
**Commonwealth Mortgage Bonds**

**\$159,510,000 2026 Series L-Taxable**

| <u>Maturity Date</u> | <u>Principal Amount</u> | <u>Serial or Term</u> | <u>Interest Rate</u> | <u>Price</u> | <u>CUSIP**</u> |
|----------------------|-------------------------|-----------------------|----------------------|--------------|----------------|
| July 1, 2027         | \$1,900,000             | Serial                |                      |              |                |
| January 1, 2028      | 1,580,000               | Serial                |                      |              |                |
| July 1, 2028         | 1,650,000               | Serial                |                      |              |                |
| January 1, 2029      | 1,840,000               | Serial                |                      |              |                |
| July 1, 2029         | 2,045,000               | Serial                |                      |              |                |
| January 1, 2030      | 2,125,000               | Serial                |                      |              |                |
| July 1, 2030         | 2,130,000               | Serial                |                      |              |                |
| January 1, 2031      | 2,135,000               | Serial                |                      |              |                |
| July 1, 2031         | 2,145,000               | Serial                |                      |              |                |
| January 1, 2032      | 2,150,000               | Serial                |                      |              |                |
| July 1, 2032         | 2,160,000               | Serial                |                      |              |                |
| January 1, 2033      | 2,170,000               | Serial                |                      |              |                |
| July 1, 2033         | 2,180,000               | Serial                |                      |              |                |
| January 1, 2034      | 2,195,000               | Serial                |                      |              |                |
| July 1, 2034         | 2,210,000               | Serial                |                      |              |                |
| January 1, 2035      | 2,220,000               | Serial                |                      |              |                |
| July 1, 2035         | 2,240,000               | Serial                |                      |              |                |
| January 1, 2036      | 2,260,000               | Serial                |                      |              |                |
| July 1, 2036         | 2,275,000               | Serial                |                      |              |                |
| January 1, 2037      | 2,295,000               | Serial                |                      |              |                |
| July 1, 2037         | 2,315,000               | Serial                |                      |              |                |
| January 1, 2038      | 2,340,000               | Serial                |                      |              |                |
| July 1, 2038         | 2,360,000               | Serial                |                      |              |                |
| July 1, 2041         | 14,740,000              | Term                  |                      |              |                |
| July 1, 2046         | 27,180,000              | Term                  |                      |              |                |
| July 1, 2051         | 31,495,000              | Term                  |                      |              |                |
| July 1, 2056         | 37,175,000              | Term                  |                      |              |                |

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

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

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

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

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# OFFICIAL STATEMENT

## PART I – THE OFFERED BONDS

### INTRODUCTION

Certain adverse external events, such as pandemics, natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism, and the actions of governments, government sponsored enterprises, and businesses in response to such adverse external events, could potentially disrupt the Authority's ability to conduct its business and adversely affect the performance of the mortgage loans owned or serviced by the Authority. See "Business Disruption Risk" in "Part III – General Information About the Authority."

Long after the Governmental Accounting Standards Board ("GASB") issued its Statement No. 63 ("GASB 63"), which applies to all state and local governmental financial reporting but not to all forms of municipal bond disclosure, the Authority continued to use in the main text of its Official Statements the term "net assets" to refer to certain resources of the Authority that were available to satisfy certain obligations of the Authority. The Authority now uses the term "net position" everywhere in its Official Statements that it previously used the term "net assets," but the two terms are not identical. Net assets is simply assets minus liabilities, but net position is defined by GASB as assets plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources. The Authority's financial statements, both audited and unaudited, only calculate net position, in compliance with GASB 63.

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

| <b><u>Term</u></b>                  | <b><u>Referenced Bonds</u></b>                                                                                                                                                                                                          |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Commonwealth Mortgage Bonds" ..... | Currently Outstanding Bonds (including the Offered Tax-Exempt Bonds and the other Series HJ Bonds), the Offered Taxable Bonds, and any bonds hereafter issued under the Resolution                                                      |
| "Currently Outstanding Bonds" ..... | Bonds previously issued under the Resolution and presently Outstanding as of the date of this Official Statement, including the Offered Tax-Exempt Bonds and the other Series HJ Bonds                                                  |
| "Offered Bonds" .....               | Offered Tax-Exempt Bonds and Offered Taxable Bonds                                                                                                                                                                                      |
| "Offered Tax-Exempt Bonds" .....    | Subseries J-2 Bonds                                                                                                                                                                                                                     |
| "Offered Taxable Bonds" .....       | Series L Bonds                                                                                                                                                                                                                          |
| "Series H Bonds" .....              | Commonwealth Mortgage Bonds, 2026 Series H-Non-AMT                                                                                                                                                                                      |
| "Series HJ Bonds" .....             | Series H Bonds and Series J Bonds                                                                                                                                                                                                       |
| "Series J Bonds" .....              | Subseries J-1 Bonds and Subseries J-2 Bonds                                                                                                                                                                                             |
| "Series L Bonds" .....              | Commonwealth Mortgage Bonds, 2026 Series L-Taxable                                                                                                                                                                                      |
| "Subseries J-1 Bonds" .....         | Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT, Subseries J-1                                                                                                                                                                       |
| "Subseries J-2 Bonds" .....         | Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT, Subseries J-2                                                                                                                                                                       |
| "Taxable Bonds" .....               | Bonds, including the Offered Taxable Bonds, on which interest is included in gross income for federal income tax purposes                                                                                                               |
| "Tax-Exempt AMT Bonds" .....        | Tax-Exempt Bonds on which the interest is treated as a preference item in determining the tax liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code (as herein defined) |

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Tax-Exempt Bonds" .....                                | Bonds, including the Offered Tax-Exempt Bonds, on which interest is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code                                                                                                                                                                                                                                                                                                                       |
| "Tax-Exempt Non-AMT Bonds" .....                        | Tax-Exempt Bonds, including the Offered Tax-Exempt Bonds, on which the interest is not treated as a preference item in determining the tax liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code (but is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax)                                                                                      |
| "Transitioned 1954 Code Tax-Exempt Non-AMT Bonds" ..... | Tax-Exempt Bonds on which the interest is not treated as a preference item in determining the tax liability of individuals and other taxpayers subject to the alternative minimum tax imposed by Section 55 of the Code and under prior law was included in the adjusted current earnings of corporations for purposes of the alternative minimum tax (but is included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax) |

This Official Statement is being distributed by the Authority to furnish pertinent information in connection with the re-offering of the Offered Tax-Exempt Bonds and the initial offering of the Offered Taxable Bonds. The Offered Tax-Exempt Bonds are being re-offered hereby pursuant to the Virginia Housing Development Authority Act (the "Act"), the Current Resolution, the Bond Limitations Resolution adopted by the Authority on May 5, 2026 and the Written Determinations as to the terms of the Offered Tax-Exempt Bonds. The Offered Taxable Bonds are being offered hereby pursuant to the Act, the Current Resolution, the Bond Limitations Resolution adopted by the Authority on May 5, 2026 and the Written Determinations as to the terms of the Offered Taxable Bonds. In connection with the prior issuance of Commonwealth Mortgage Bonds, the Authority has adopted Bond Limitations Resolutions and has executed Written Determinations. The Current Resolution, as so amended, modified and supplemented to the date of delivery of the Offered Bonds by such Bond Limitations Resolutions and Written Determinations is referred to herein as the "Bond Resolution."

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

On July 8, 2026, the Authority issued \$356,340,000 of its Series HJ Bonds. The Series H Bonds in the amount of \$150,000,000 were issued bearing fixed interest rates. The Series J Bonds in the amount of \$206,340,000 were issued bearing variable interest rates and subject to mandatory tender. A portion of the Series J Bonds in the amount of \$100,000,000 was remarketed on August 27, 2026 and redesignated as Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT, Subseries J-1. The remaining portion of the Series J Bonds in the amount of \$106,340,000\* is subject to mandatory tender on October 21, 2026\*. On and after such tender date, such portion of the Series J Bonds remarketed on October 21, 2026\* will be redesignated as Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT, Subseries J-2. As noted above, the Subseries J-2 Bonds shall be the Offered Tax-Exempt Bonds. In this Official Statement, all references to "date of delivery of the Offered Tax-Exempt Bonds" shall mean the tender date referenced in this paragraph, and all references to "date of delivery" and "date of delivery of the Offered Bonds" shall mean both the issue date of the Offered Taxable Bonds and the tender date referenced in this paragraph. The Series J Bonds so redesignated will bear interest at rates fixed to maturity (or prior redemption).

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

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\* Preliminary, subject to change.

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

The summaries of and references herein to the Act, the Resolution, the Current Resolution, and the Bond Resolution and other documents and materials are only brief outlines of certain provisions thereof, as of the date hereof, and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Resolution, the Current Resolution, and the Bond Resolution and such other documents and materials for the complete provisions thereof.

### **DESCRIPTION OF THE OFFERED BONDS**

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

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

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

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

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

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

### **Special Redemption\***

The Offered Bonds are subject to special redemption, at the option of the Authority, either in whole or in part, at a Redemption Price equal to 100% of the principal amount thereof, on any one or more dates from (1) excess Revenues deposited in and other moneys transferred to the revenue fund under the Resolution after required transfers therefrom to other funds have been made for the payment of the Bond Obligation and (2) any moneys held under the Resolution in any mortgage loan account or mortgage loan purchase account which the Authority determines will not be used to make or purchase Mortgage Loans, including original proceeds of the Offered Bonds, the Currently Outstanding Bonds and any additional Commonwealth Mortgage Bonds hereafter issued. Excess Revenues include amounts which may be derived from the Offered Bonds, the Currently Outstanding Bonds and any additional Commonwealth Mortgage Bonds hereafter issued, and such amounts may be applied to the redemption of the Offered Bonds, the Currently Outstanding Bonds, and any additional Commonwealth Mortgage Bonds hereafter issued, except as otherwise agreed by the Authority. Such excess Revenues may be derived from terminations (including prepayments) or sales of Mortgage Loans or sales of Authority Property. Such excess Revenues may, at the option of the Authority, be used to finance Mortgage Loans in compliance with Code requirements, if applicable (see Appendix D), and subject to the limitations described below. Except for a \$250,000 de minimis amount, unexpended proceeds of the Series HJ Bonds (including the Offered Tax-Exempt Bonds) which are expected to be used to finance Mortgage Loans but which shall not have been so used within 42 months from the July 8, 2026 date of issuance are required to be used to retire or redeem Series HJ Bonds. Accrued interest, if any, to the date of redemption will be paid upon redemption.

*Ten-Year Rule.* Applicable current federal tax law requires redemption of Series HJ Bonds on or before certain dates and in certain amounts in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Series HJ Bonds (including the Offered Tax-Exempt Bonds). These federal tax law requirements also include a requirement that certain principal prepayments and scheduled principal repayments of mortgage loans must be applied to pay the principal of bonds either at maturity or by redemption (the "Ten-Year Rule"). The Ten-Year Rule applies to mortgage loan principal prepayments and scheduled principal repayments, in excess of a de minimis amount, received, generally, ten years after the date of issuance of the

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\* Preliminary, subject to change.

related bonds that financed the applicable mortgage loans. The percentage of such prepayments and repayments received in each applicable period that are required to be so applied is reflected in the following table:

| <u>Applicable Period</u>    | <u>Percentage</u> |
|-----------------------------|-------------------|
| July 8, 2026 – July 7, 2036 | 0%                |
| July 8, 2036 and thereafter | 100%              |

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

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

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

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

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

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

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

**Optional Redemption\***

The Offered Tax-Exempt Bonds maturing on or after July 1, 2035 are subject to redemption, at the election of the Authority, either in whole or in part on any one or more dates on or after January 1, 2035 at a Redemption Price equal to the principal amount, without premium, of the Offered Tax-Exempt Bonds to be so redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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\* Preliminary, subject to change.

The Offered Taxable Bonds maturing on or after January 1, 2035 are subject to redemption, at the election of the Authority, either in whole or in part on any one or more dates on or after July 1, 2034 at a Redemption Price equal to the principal amount, without premium, of the Offered Taxable Bonds to be so redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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

### **Sinking Fund Redemption\***

The Offered Bonds designated as Term Bonds on the inside cover pages hereof are subject to redemption in part prior to maturity from mandatory Sinking Fund Installments which are required to be made in the amounts specified for each of the dates shown below. The Redemption Price shall be the principal amount of the Term Bonds to be redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption. In the event of a partial redemption of a maturity of Term Bonds of a series or subseries (other than in satisfaction of Sinking Fund Installments) or the purchase and cancellation of less than all of a maturity of Term Bonds of a series or subseries, the Authority shall instruct the Trustee as to which Sinking Fund Installments for such maturity of Term Bonds of such series or subseries shall be affected by such redemption or purchase and cancellation. See "Selection of Bonds for Redemption" below for a discussion of allocation of redemptions within a maturity.

#### **Offered Tax-Exempt Bonds Maturing July 1, 2041**

| <b>Sinking Fund<br/><u>Installment Date</u></b> | <b>Principal<br/><u>Amount</u></b> |
|-------------------------------------------------|------------------------------------|
| January 1, 2039                                 | \$1,640,000                        |
| July 1, 2039                                    | 1,650,000                          |
| January 1, 2040                                 | 1,660,000                          |
| July 1, 2040                                    | 1,670,000                          |
| January 1, 2041                                 | 1,685,000                          |
| July 1, 2041**                                  | <u>1,695,000</u>                   |
|                                                 | \$10,000,000                       |

#### **Offered Tax-Exempt Bonds Maturing July 1, 2046**

| <b>Sinking Fund<br/><u>Installment Date</u></b> | <b>Principal<br/><u>Amount</u></b> |
|-------------------------------------------------|------------------------------------|
| January 1, 2042                                 | \$1,710,000                        |
| July 1, 2042                                    | 1,720,000                          |
| January 1, 2043                                 | 1,735,000                          |
| July 1, 2043                                    | 1,755,000                          |
| January 1, 2044                                 | 1,770,000                          |
| July 1, 2044                                    | 1,785,000                          |
| January 1, 2045                                 | 1,805,000                          |
| July 1, 2045                                    | 1,820,000                          |
| January 1, 2046                                 | 1,840,000                          |
| July 1, 2046**                                  | <u>1,855,000</u>                   |
|                                                 | \$17,795,000                       |

#### **Offered Tax-Exempt Bonds Maturing July 1, 2051**

| <b>Sinking Fund<br/><u>Installment Date</u></b> | <b>Principal<br/><u>Amount</u></b> |
|-------------------------------------------------|------------------------------------|
| January 1, 2047                                 | \$1,875,000                        |
| July 1, 2047                                    | 1,895,000                          |
| January 1, 2048                                 | 1,910,000                          |
| July 1, 2048                                    | 1,935,000                          |
| January 1, 2049                                 | 1,960,000                          |
| July 1, 2049                                    | 1,980,000                          |
| January 1, 2050                                 | 2,000,000                          |
| July 1, 2050                                    | 2,025,000                          |
| January 1, 2051                                 | 2,050,000                          |
| July 1, 2051**                                  | <u>2,070,000</u>                   |
|                                                 | \$19,700,000                       |

#### **Offered Tax-Exempt Bonds Maturing January 1, 2057**

| <b>Sinking Fund<br/><u>Installment Date</u></b> | <b>Principal<br/><u>Amount</u></b> |
|-------------------------------------------------|------------------------------------|
| January 1, 2052                                 | \$2,100,000                        |
| July 1, 2052                                    | 2,125,000                          |
| January 1, 2053                                 | 2,145,000                          |
| July 1, 2053                                    | 2,175,000                          |
| January 1, 2054                                 | 2,200,000                          |
| July 1, 2054                                    | 2,230,000                          |
| January 1, 2055                                 | 2,255,000                          |
| July 1, 2055                                    | 2,285,000                          |
| January 1, 2056                                 | 2,315,000                          |
| July 1, 2056                                    | 2,340,000                          |
| January 1, 2057**                               | <u>2,315,000</u>                   |
|                                                 | \$24,485,000                       |

\*\* Maturity Date

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\* Preliminary, subject to change.

Offered Taxable Bonds Maturing  
July 1, 2041

| Sinking Fund<br><u>Installment Date</u> | Principal<br><u>Amount</u> |
|-----------------------------------------|----------------------------|
| January 1, 2039                         | \$2,390,000                |
| July 1, 2039                            | 2,415,000                  |
| January 1, 2040                         | 2,445,000                  |
| July 1, 2040                            | 2,470,000                  |
| January 1, 2041                         | 2,495,000                  |
| July 1, 2041**                          | <u>2,525,000</u>           |
|                                         | \$14,740,000               |

Offered Taxable Bonds Maturing  
July 1, 2046

| Sinking Fund<br><u>Installment Date</u> | Principal<br><u>Amount</u> |
|-----------------------------------------|----------------------------|
| January 1, 2042                         | \$2,555,000                |
| July 1, 2042                            | 2,590,000                  |
| January 1, 2043                         | 2,625,000                  |
| July 1, 2043                            | 2,655,000                  |
| January 1, 2044                         | 2,695,000                  |
| July 1, 2044                            | 2,735,000                  |
| January 1, 2045                         | 2,770,000                  |
| July 1, 2045                            | 2,810,000                  |
| January 1, 2046                         | 2,850,000                  |
| July 1, 2046**                          | <u>2,895,000</u>           |
|                                         | \$27,180,000               |

Offered Taxable Bonds Maturing  
July 1, 2051

| Sinking Fund<br><u>Installment Date</u> | Principal<br><u>Amount</u> |
|-----------------------------------------|----------------------------|
| January 1, 2047                         | \$2,935,000                |
| July 1, 2047                            | 2,980,000                  |
| January 1, 2048                         | 3,030,000                  |
| July 1, 2048                            | 3,070,000                  |
| January 1, 2049                         | 3,115,000                  |
| July 1, 2049                            | 3,170,000                  |
| January 1, 2050                         | 3,220,000                  |
| July 1, 2050                            | 3,270,000                  |
| January 1, 2051                         | 3,325,000                  |
| July 1, 2051**                          | <u>3,380,000</u>           |
|                                         | \$31,495,000               |

Offered Taxable Bonds Maturing  
July 1, 2056

| Sinking Fund<br><u>Installment Date</u> | Principal<br><u>Amount</u> |
|-----------------------------------------|----------------------------|
| January 1, 2052                         | \$3,430,000                |
| July 1, 2052                            | 3,490,000                  |
| January 1, 2053                         | 3,555,000                  |
| July 1, 2053                            | 3,615,000                  |
| January 1, 2054                         | 3,680,000                  |
| July 1, 2054                            | 3,740,000                  |
| January 1, 2055                         | 3,810,000                  |
| July 1, 2055                            | 3,880,000                  |
| January 1, 2056                         | 3,950,000                  |
| July 1, 2056**                          | <u>4,025,000</u>           |
|                                         | \$37,175,000               |

\*\* Maturity Date

### Selection of Bonds for Redemption

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

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

### Notice to Owners

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

### Purchase

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

## CUSIP Numbers

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

## Mortgage Loans Expected to be Financed with the Offered Bonds\*

The following chart provides summary information as of September 9, 2026, concerning the initial Mortgage Loans expected to be purchased with proceeds of, or expected to be allocated to, the Offered Bonds. The composition of such initial group of Mortgage Loans is subject to change, and the remainder of the Mortgage Loans that are to be purchased with proceeds of, or allocated to, the Offered Bonds may have different characteristics. All Mortgage Loans purchased with proceeds of, or allocated to, the Offered Bonds will be 30-year fixed rate mortgage loans.

|                                                                                             |               |
|---------------------------------------------------------------------------------------------|---------------|
| Approximate unpaid principal balance                                                        | \$167,809,138 |
| Approximate number of Mortgage Loans                                                        | 587           |
| Average principal balance                                                                   | \$285,876     |
| Estimated weighted average note rate                                                        | 6.519%        |
| Approximate percentage with down payment assistance; Second Mortgage Loan only (by balance) | 27%           |
| Approximate percentage with down payment assistance; grant only (by balance)                | 63%           |
| Approximate percentage underwritten as FHA (by balance)                                     | 47%           |
| Approximate percentage underwritten as VA (by balance)                                      | 15%           |
| Approximate percentage underwritten as RD (by balance)                                      | 1%            |
| Approximate percentage underwritten as conventional (by balance)                            | 37%           |

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

## SECURITY

### Pledge of Assets

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

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

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

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\* Preliminary, subject to change.

or file any deed of trust, mortgage or other instrument creating or evidencing the pledge or lien created by the Resolution or any future supplemental resolution with respect to any Asset or other Asset hereafter pledged to secure Commonwealth Mortgage Bonds. The Authority does not expect to physically deliver Assets to the Trustee.

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

### **Mortgage Loans**

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

### **Investment Obligations**

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

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

### **Exchange Agreements, Enhancement Agreements and Other Financial Agreements**

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

In addition, the Authority may, in connection with the issuance of Ginnie Mae securities, Fannie Mae securities, and Freddie Mac securities (see “General Description of the Single Family Program” in “The Single Family Program”), enter into Other Financial Agreements under which the Authority agrees with securities dealers to deliver such securities in specified amounts and by specified dates and is liable to the securities dealers for loss due to failure to so deliver such securities. Any such liability would be payable from Assets. As of June 30, 2026, the Authority was obligated to deliver \$79 million, rounded to the nearest million, of such securities under such Other Financial Agreements.

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

### **Sources of Payment**

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

The ability of the Authority to pay Bond Amounts, including principal and interest on the Offered Bonds, may be adversely affected by many factors that could impact the sources of payment for the Bond Amounts, including, but not limited to, the following: (i) failure to receive principal and interest or other payments when due or any time thereafter with respect to Mortgage Loans,

Investment Obligations and any Enhancement Agreement, Exchange Agreement or Other Financial Agreement pledged as Assets, (ii) terminations and prepayments of Mortgage Loans at times and at rates not anticipated by the Authority, (iii) Mortgage Loans and Investment Obligations and other assets not being made, financed or acquired at the times, interest rates or prices, as applicable, contemplated by the Authority or not being made, financed or acquired at all and (iv) losses from the sale or other disposition of Assets. A portion of such Mortgage Loan terminations are due to foreclosure, deed in lieu of foreclosure, and assignment to mortgage loan companies. The Authority does not necessarily receive cash upon the occurrence of such terminations. The receipt of cash for such terminations may occur at a later time and may be for an amount less than the amount which was due under the Mortgage Loan.

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

The Authority has assumed a 20% SIFMA Standard Prepayment Model Rate when establishing the principal amounts and maturities and Sinking Fund Installments for the Offered Bonds. As of the date of delivery of the Offered Bonds, all of the Currently Outstanding Bonds are either (a) bonds with principal amounts, maturities, and Sinking Fund Installments established by the Authority assuming a 20% SIFMA Standard Prepayment Model Rate or (b) "RMBS" or "pass-through" bonds, which have principal payment obligations equal to the sum of (or a specified percentage of the sum of) scheduled principal payments on the Mortgage Loans allocated to such series, prepayments received on such allocated Mortgage Loans and certain other payments relating to such allocated Mortgage Loans, and have a stated maturity date corresponding to the date of the last scheduled payment on any such allocated Mortgage Loan, and therefore do not have principal payment obligations that were established assuming a certain level of prepayments on such allocated Mortgage Loans.

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

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

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

#### **Amendments to Resolution; Commonwealth Mortgage Bonds Acquired by the Authority**

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

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

#### **General Obligations of the Authority**

The Commonwealth Mortgage Bonds are also general obligations of the Authority payable out of any of its revenues, moneys or assets, subject to agreements heretofore or hereafter made with owners of Authority obligations other than the Owners pledging particular revenues, moneys or assets for the payment thereof. The Authority has a long-term general obligation rating of "Aa1" from Moody's Ratings ("Moody's") and a long-term Issuer Credit rating of "AA+" from S&P Global Ratings, a division of Standard

& Poor's Financial Services LLC ("Standard & Poor's" or "S&P"). See "Ratings." The security provided to the Commonwealth Mortgage Bonds by the Authority's general obligation should be evaluated in connection with the performance of other loan programs of the Authority and such pledging of particular revenues, moneys or assets. See "The Multi-Family Program" and "Miscellaneous Programs." See also "Summary of Revenues, Expenses, and Net Position" and "General Fund and Other Net Position," both in "Part III - General Information About the Authority."

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

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

### **Other Bond Resolutions**

The Authority issues bonds ("Rental Housing Bonds") under the general bond resolution adopted by the Authority on March 24, 1999, as amended and supplemented to the date hereof (the "Rental Housing Bonds Resolution"). The Authority purchases and makes new multi-family mortgage loans with assets comprising the net position of the Rental Housing Bonds Resolution and proceeds of Rental Housing Bonds. The Rental Housing Bonds Resolution authorizes the Authority to apply assets thereunder to make, purchase, finance or refinance mortgage loans for multi-family developments. The Rental Housing Bonds Resolution also authorizes the Authority to acquire, rehabilitate, construct, finance or refinance property owned by the Authority which, under the terms of the Rental Housing Bonds Resolution includes real property and improvements thereon or an ownership share in a cooperative housing association or a leasehold interest under a lease and any personal property attached to or used in connection with any of the foregoing owned by the Authority and either financed or refinanced pursuant to the Rental Housing Bonds Resolution or acquired by the Authority by purchase or foreclosure of a mortgage loan or by deed in lieu thereof. The Rental Housing Bonds Resolution requires that each mortgage loan must be either (i) a loan evidenced by an interest-bearing obligation secured by a mortgage for financing the acquisition, construction, rehabilitation and/or ownership of multi-family residential housing (which housing may be economically mixed housing described below) and any nonhousing building or buildings as authorized by the Act, (ii) an obligation, certificate or instrument for which such a loan secured by a mortgage is the security or the source of payment, or (iii) a participation or other ownership interest in either a loan described in (i) or an obligation, certificate or instrument described in (ii) with another party or parties or with another source of funds of the Authority not pledged pursuant to the Rental Housing Bonds Resolution. The multi-family mortgage loans financed by the Rental Housing Bonds are required by the Rental Housing Bonds Resolution to be secured by liens on the multi-family developments. Upon the financing of multi-family mortgage loans or Authority owned property with proceeds of Rental Housing Bonds or other assets of the Rental Housing Bonds Resolution, such mortgage loans or property are pledged by the Authority as security under the Rental Housing Bonds Resolution. The Rental Housing Bonds are general obligations of the Authority. See Appendix A for information on the assets and liabilities of the Rental Housing Bonds Resolution. The Rental Housing Bonds Resolution permits the Authority to withdraw assets from the lien and pledge of such resolution subject only to the satisfaction of a revenue test similar to the Revenue Test. Between the date of the most recent financial statements (audited or unaudited) in Appendix A and August 31, 2026, the Authority has withdrawn \$20,000,000 from the Rental Housing Bonds Resolution. See Appendix E for certain information concerning developments financed with Rental Housing Bonds. The Authority can give no assurances that it will or will not make any future withdrawals of assets from the lien and pledge of the Rental Housing Bonds Resolution or that in the future the Rental Housing Bonds Resolution will have any excess funds available for payment of principal or interest on the Commonwealth Mortgage Bonds.

In connection with the New Issue Bond Program of the U.S. Department of the Treasury, the Authority issued bonds ("Homeownership Mortgage Bonds") under the general bond resolution adopted by the Authority on December 2, 2009 (the "Homeownership Mortgage Bonds Resolution"). The Authority has no present intention to issue more Homeownership Mortgage Bonds and the Authority is not pledging any new single family mortgage loans to the Homeownership Mortgage Bonds Resolution. Notwithstanding the foregoing, the Authority can give no assurances whether or not it will issue more bonds under the

Homeownership Mortgage Bonds Resolution in the future. The Homeownership Mortgage Bonds Resolution pledges the mortgage loans and assets attributable to the Homeownership Mortgage Bonds as security for the payment of such Bonds. The Homeownership Mortgage Bonds are general obligations of the Authority. See Appendix A for information on the assets and liabilities of the Homeownership Mortgage Bonds Resolution. The Homeownership Mortgage Bonds Resolution permits the Authority to withdraw assets from the lien and pledge of such resolution subject only to the satisfaction of a revenue test similar to the Revenue Test. Between the date of the most recent financial statements (audited or unaudited) in Appendix A and August 31, 2026, the Authority has withdrawn \$0 from the Homeownership Mortgage Bonds Resolution. The Authority can give no assurances that it will or will not make any future withdrawals of assets from the lien and pledge of the Homeownership Mortgage Bonds Resolution or that in the future the Homeownership Mortgage Bonds Resolution will have any excess funds available for payment of principal or interest on the Commonwealth Mortgage Bonds.

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

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

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

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

#### **WITHDRAWAL OF ASSETS; LIMITED OPERATING COVENANTS**

Except for the Revenue Test, the Current Resolution imposes no restrictions on the Authority's ability to transfer Assets to the Authority (thereby releasing such Assets from the lien and pledge of the Resolution), nor does it impose on the Authority any requirements as to the minimum amount or type of Assets or any requirements with respect to annual income or net worth. The Current Resolution requires that certain actions, including transfer of all or any portion of any Asset to the Authority (thereby releasing such Asset or portion from the lien and pledge of the Resolution), be undertaken only upon satisfaction of the Revenue Test. See the definition of Revenue Test in "Summary of Certain Provisions of the Current Resolution." Between the date of the most recent financial statements (audited or unaudited) in Appendix A and August 31, 2026, the Authority has withdrawn \$14,219,268 from the Resolution. The Authority can give no assurances that it will or will not make any future withdrawals.

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

## **SUMMARY OF CERTAIN PROVISIONS OF THE CURRENT RESOLUTION**

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

Capitalized items not previously defined in this Official Statement and not defined in this Summary shall have the meanings set forth in the Current Resolution. Words importing the masculine gender include the feminine and neuter genders, words importing persons include firms, associations and corporations, and words importing the singular number include the plural number, and vice versa.

### **Definitions**

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

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

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

“Authority” means the Virginia Housing Development Authority, a political subdivision of the Commonwealth, and its successors and assigns.

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

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

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

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

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

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

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

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

“Chairman” means the Chairman of the Authority.

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

“Commonwealth” means the Commonwealth of Virginia.

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

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

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

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

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

“DTC” means The Depository Trust Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Managing Director of Finance and Administration” means the Managing Director of Finance and Administration of the Authority.

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

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

“Mortgagor” means the obligor or obligors on a Mortgage Loan.

“Officer’s Certificate” means a certificate signed by an Authorized Officer.

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

“Outstanding” means, when used with reference to Commonwealth Mortgage Bonds and as of any particular date, all Commonwealth Mortgage Bonds theretofore and thereupon being issued except (1) any Commonwealth Mortgage Bond for which funds for the payment of all Bond Amounts due and payable or to become due and payable with respect to such Bond have been paid to the Owner thereof or are held in a Defeasance Account or Payment Account, and (2) any Commonwealth Mortgage Bond in lieu of or in substitution for which another Commonwealth Mortgage Bond or Commonwealth Mortgage Bonds shall have been delivered. If an Officer’s Certificate shall have been delivered with respect to a Commonwealth Mortgage Bond that the Authority is the Owner thereof stating the Authority’s intent that such Commonwealth Mortgage Bond shall remain outstanding, such Bond does not cease to be Outstanding.

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

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

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

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

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

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

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

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

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

“Restated Bond Resolution” means the resolution adopted by the Authority on September 21, 2004, amending and restating the 1986 Amended Resolution.

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

“Revenue Test” means the test set forth in “Revenue Test” below.

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

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

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

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

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

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

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

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

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

### **Assets and the Pledge Thereof**

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

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

### **Authorization**

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

### **Application of Assets for Payment of Bond Amounts**

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

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

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

#### **Withdrawal, Transfer, Sale, Exchange and Modification of Assets**

On any date, the Authority may either directly or by direction to the Trustee (i) apply Assets to make, purchase, finance or refinance Mortgage Loans, to acquire, rehabilitate, construct, finance or refinance Authority Property, to purchase Investment Obligations and make any required payments associated therewith, to make payments pursuant to any agreement associated, related or entered into with respect to the Commonwealth Mortgage Bonds, to make payments to any party to comply with the Tax Covenant, to purchase any Commonwealth Mortgage Bond, to pay any Expense, or to make any other withdrawal, transfer, sale, exchange or other application of Assets required, permitted or contemplated by the Bond Resolution, or (ii) subject to satisfaction of the Revenue Test described below, transfer all or any portion of any Asset to the Authority. Assets so transferred to the Authority shall not thereafter be subject to the lien or pledge created by the Current Resolution.

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

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

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

#### **Revenue Test**

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

#### **Investment of Funds**

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

#### **Covenants**

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

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

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

#### **Incurrence of Additional Obligations Payable from Assets**

The Current Resolution permits the issuance of additional Commonwealth Mortgage Bonds and the execution of Exchange Agreements, Enhancement Agreements and Other Financial Agreements payable from Assets. The Commonwealth Mortgage Bonds and any Exchange Agreements, Enhancement Agreements or Other Financial Agreements payable from Assets, regardless of the time

or times of their issuance, execution or maturity, shall be of equal rank without preference, priority or distinction, except as otherwise expressly provided in or determined pursuant to a Supplemental Bond Resolution in accordance with subparagraph (8) in "Amendments" below.

### **Amendments**

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

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

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

### **Defeasance**

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

at the election of the Authority, be discharged and satisfied, and the Trustee shall thereupon deliver to the Authority all Assets held by it.

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

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

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

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

### **Trustee**

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

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

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

### **Events of Default**

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

### **Remedies**

Upon the occurrence and continuance of an Event of Default described in clause (i) in the prior paragraph entitled "Events of Default," the Trustee may, after notice to the Authority, and upon the written request of the Owners of not less than 25% of the Bond Obligation with respect to which such Event of Default has happened, shall, proceed to protect and enforce its rights and the

rights of the Owners under applicable law or the Current Resolution. Pursuant to the Act, in the event that the Authority shall default in the payment of principal of or interest on any issue of the Commonwealth Mortgage Bonds and such default shall otherwise continue for 30 days or in the event that the Authority shall fail to comply with the provisions of the Current Resolution, the Owners of 25% in aggregate principal amount of such issue of Commonwealth Mortgage Bonds may appoint a trustee to represent the Owners of such issue of Commonwealth Mortgage Bonds, and such trustee may, and upon written request of the Owners of 25% in aggregate principal amount of such issue of Commonwealth Mortgage Bonds shall, in its name declare all such issue of Commonwealth Mortgage Bonds due and payable.

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

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

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

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

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

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

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

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

### **Record Dates**

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

### **Registration**

The Authority and the Trustee may deem and treat the party in whose name any Commonwealth Mortgage Bond shall be registered upon the Registration Books on an applicable Record Date as the absolute Owner of such Commonwealth Mortgage Bond, whether such Commonwealth Mortgage Bond shall be overdue or not, for the purpose of receiving payment of any Bond Amount due and payable during the time period such person is the Owner of said Commonwealth Mortgage Bond, and for all other purposes, and

all such payments so made to any such Owner or upon his order shall be valid and effectual to satisfy and discharge the liability with respect to such Commonwealth Mortgage Bond to the extent of the Bond Amount(s) so paid, and neither the Authority nor the Trustee shall be affected by any notice to the contrary.

### **Law Applicable**

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

## **TAX MATTERS**

### **Federal Taxes – Offered Tax-Exempt Bonds**

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

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

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

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

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

The proposed opinion (the “Conversion Opinion”) of Bond Counsel, to be delivered to the Authority on the date of delivery of the Offered Tax-Exempt Bonds is attached hereto as Appendix K. The Conversion Opinion will state that the conversion of the Offered Tax-Exempt Bonds to fixed interest rates to maturity, in and of itself, will not adversely affect the exclusion of interest on the Series HJ Bonds (including the Offered Tax-Exempt Bonds) from gross income for federal income tax purposes. Bond Counsel expresses no opinion as to any other matter with respect to the exemption of interest on the Offered Tax-Exempt Bonds from federal income taxation or as to the treatment of any such Offered Tax-Exempt Bonds for tax purposes by any state, city, county or other jurisdiction. Bond Counsel renders its Conversion Opinion under existing statutes and court decisions as of the date of its Conversion

Opinion, and assumes no obligation to update, revise or supplement its Conversion Opinion to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason.

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

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

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

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

#### *Backup Withholding and Information Reporting*

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

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

#### **Federal Taxes – Offered Taxable Bonds**

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

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

acquisition, ownership and disposition of the Offered Taxable Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

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

#### *Original Issue Discount*

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

#### *Bond Premium*

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

#### *Disposition and Defeasance*

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

#### *Backup Withholding and Information Reporting*

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

#### *U.S. Holders*

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

## **Virginia Taxes**

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

## **Proposed Legislation and Other Matters**

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

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

## **CONTINUING DISCLOSURE**

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

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

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

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

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

## **LEGAL MATTERS**

At the time of issuance of the Offered Tax-Exempt Bonds on July 8, 2026 certain legal matters relating to the authorization and validity of the Offered Tax-Exempt Bonds were the subject of the approving and tax opinion (the "Approving and Tax Opinion") of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. A copy of this opinion is attached hereto as Appendix I. Certain legal matters relating to the authorization and validity of the Offered Taxable Bonds will be the subject of the approving opinion (the "Approving Opinion") of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the Authority. The proposed form of the Approving Opinion is attached hereto as Appendix J. Bond Counsel has not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the Offered Bonds, and the Approving and Tax Opinion, the Approving Opinion, and the Conversion Opinion do not make any statement as to such matters or as to the accuracy or completeness of this Official Statement generally. In addition, certain legal matters will be passed upon for the Remarketing Agents and Underwriters by Kutak Rock LLP, Washington, D.C., counsel to the Remarketing Agents and Underwriters. Certain legal matters will be passed on for the Authority by its Chief Counsel, Fred W. Bryant, or its Deputy Chief Counsel, Steven C. Mintz.

## **REMARKETING AND UNDERWRITING**

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

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

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

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

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

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

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

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

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

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

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

Wells Fargo Bank, National Association currently provides a revolving credit agreement to the Authority. For more information on that revolving credit agreement, see “Prior and Anticipated Financings of the Authority” in “Part III - General Information About the Authority.”

## **RATINGS**

As noted on the front cover, the Offered Bonds received long-term ratings of “Aaa” from Moody’s and “AAA” from Standard & Poor’s. It is a condition to the Remarketing Agents’ obligation to purchase the Offered Tax-Exempt Bonds, and the Underwriters’

obligation to purchase the Offered Taxable Bonds, that Moody's and Standard & Poor's shall have assigned such long-term ratings and that neither rating agency shall have lowered, withdrawn or suspended its rating prior to the Date of Delivery.

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

#### **MUNICIPAL ADVISOR**

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

#### **LITIGATION**

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

#### **LEGAL INVESTMENT**

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

#### **MISCELLANEOUS**

The Authority has furnished all information in this Official Statement relating to the Authority. The financial statements of the Authority in Appendix A as of June 30, 2026 and for the year then ended have been examined by CliftonLarsonAllen LLP, independent certified public accountants, to the extent set forth in their report, without further review to the date hereof. CliftonLarsonAllen LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures relating to this offering document.

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

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

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## **PART II – SUMMARY OF PROGRAMS**

### **THE SINGLE FAMILY PROGRAM**

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

#### **General Description of the Single Family Program**

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

In addition, the Authority provides loan servicing, at no charge, for less than 1,100 single family mortgage loans owned by certain Habitat for Humanity chapters located in Virginia. This is a service the Authority provides to support homeownership for very low-income Virginians. The Authority has also serviced loans for other political subdivisions in Virginia and currently services less than 35 such loans, but the Authority may decide to again offer that service in the future. Except for the pledge of some loans as collateral for loans from the Authority to certain Habitat for Humanity chapters, the Authority has no interest in the loans the Authority services for such Habitat for Humanity chapters and such political subdivisions and therefore the value, performance and health of those loans have no impact on the Authority's assets or liabilities. For that reason, the statistics and characteristics of loans serviced by the Authority included in this Official Statement do not include statistics and characteristics of the loans the Authority services for such Habitat for Humanity chapters and such political subdivisions.

#### **Summary of Types of Single Family Mortgage Loans**

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

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

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

### **First Mortgage Loans**

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

### **Second Mortgage Loans**

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

### **Community Land Trusts**

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

### **Mortgage Loan Insurance**

For Ginnie Mae Mortgage Loans, the Authority requires mortgage insurance from FHA or a mortgage guarantee from VA or RD, per Ginnie Mae requirements. For Fannie Mae Mortgage Loans and Freddie Mac Mortgage Loans with loan to value ratios above 80%, the Authority requires private mortgage insurance per Fannie Mae and Freddie Mac requirements. For all other single family mortgage loans the Authority does not require mortgage insurance.

The federal Homeowners Protection Act of 1998 (the "1998 Act") (i) permits qualifying borrowers to cancel private mortgage insurance, thereby ending their obligation to pay the premiums, on the date on which the principal balance of the single family mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reaches 80% of the original value of the residence, all as defined in the 1998 Act, (ii) provides for the automatic termination of private mortgage insurance for qualifying borrowers on the date on which the principal balance of the single family mortgage loan is scheduled to reach 78% of the original value of the residence, all as defined in the 1998 Act, (iii) provides for the automatic termination of private mortgage insurance for qualifying borrowers on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan, all as defined in the 1998 Act, and (iv) requires the Authority to provide certain disclosures and notices regarding the above provisions of the 1998 Act.

The Authority provides the rights described in the preceding paragraph to borrowers whose single family mortgage loans closed prior to the effective date of the 1998 Act. The Authority has also previously provided the same rights to borrowers of FHA insured mortgage loans, however, in the case of new mortgage loans assigned an FHA case number on or after June 3, 2013, the mortgage insurance premium for FHA mortgage insurance must continue to be collected until the earlier of the end of the mortgage term or (i) 11 years in the case of a mortgage loan having an original loan-to-value ratio not greater than 90%, or (ii) 30 years in the case of a mortgage loan having an original loan-to-value ratio of greater than 90%, and as a result, the Authority will not be permitting the cancellation of FHA mortgage insurance prior to the termination of the applicable period for collection of the premium.

The Authority also permits the cancellation of mortgage insurance for loans that are not FHA insured if the balance of the single family mortgage loans is equal to or less than 80%, or such lesser percentage determined by the Authority, of the current property value, subject to the satisfaction of such criteria, requirements and conditions as the Authority may impose for such cancellation.

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

## **Financing of Single Family Mortgage Loans**

The Authority finances First Mortgage Loans with assets comprising the net position of the Bond Resolution or of the General Fund, the proceeds of Commonwealth Mortgage Bonds, the issuance of Ginnie Mae securities or by securitizing them through Fannie Mae or Freddie Mac. The Authority also finances Second Mortgage Loans with assets comprising the net position of the Bond Resolution or of the General Fund.

### **Ginnie Mae Financing**

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

Each Ginnie Mae security represents an undivided ownership interest in a pool of single family mortgage loans. The Authority does not show the single family mortgage loans represented by Ginnie Mae securities as assets in its financial statements. The Authority services all Ginnie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority.

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

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

### **Fannie Mae Financing**

The Authority finances Fannie Mae Mortgage Loans by securitizing them through Fannie Mae under an agreement pursuant to Fannie Mae's HFA Preferred program (the "Fannie Mae HFA Preferred Agreement") which Fannie Mae makes available to housing finance agencies. All such Fannie Mae Mortgage Loans ("Fannie Mae HFA Preferred Mortgage Loans") must satisfy Fannie Mae's requirements. The Fannie Mae HFA Preferred Agreement has no repurchase obligation for loans that become delinquent.

Prior to 2021, the Authority financed some First Mortgage Loans by securitizing them through Fannie Mae's HFA Preferred Risk Sharing program. Such Fannie Mae Mortgage Loans ("Fannie Mae HFA Preferred Risk Share Mortgage Loans") are subject to a repurchase agreement in the event the mortgage loan becomes delinquent within certain parameters during a set period of time (the "Repurchase Obligation Period"). For certain aggregate information concerning Fannie Mae HFA Preferred Risk Share Mortgage Loans still in a Repurchase Obligation Period, including delinquent payments and foreclosures, see "Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period" in Appendix B.

Under certain circumstances, Fannie Mae may require the Authority to repurchase certain Fannie Mae Mortgage Loans if the Authority is in breach of any covenant, representation, or warranty by the Authority with respect to such loans. The Authority retains the servicing rights and services all Fannie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority. For Fannie Mae HFA Preferred Mortgage Loans and Fannie Mae HFA Preferred Risk Share Mortgage Loans no longer in a Repurchase Obligation Period the Authority must advance monthly payments of principal and interest until Fannie Mae purchases the loans out of their respective Fannie Mae security; however, Fannie Mae will limit the Authority's obligation to make such payment to four months.

No assurance can be given as to whether the Authority will continue the financing of Fannie Mae Mortgage Loans or, if continued, as to the amount of such financings. The Authority has not sold any Fannie Mae Mortgage Loans to Fannie Mae under the program Fannie Mae calls its whole loan program, and does not expect to do so.

### **Freddie Mac Financing**

The Authority finances Freddie Mac Mortgage Loans by securitizing them through Freddie Mac under an agreement pursuant to Freddie Mac's HFA Advantage program (the "Freddie Mac HFA Advantage Agreement") which Freddie Mac makes available to housing finance agencies. All Freddie Mac Mortgage Loans must satisfy Freddie Mac's requirements. The Freddie Mac HFA Advantage Agreement has no repurchase obligation for loans that become delinquent.

No assurance can be given as to whether the Authority will continue the financing of Freddie Mac Mortgage Loans or, if continued, as to the amount of such financings. Under certain circumstances, Freddie Mac may require the Authority to repurchase certain Freddie Mac Mortgage Loans if the Authority is in breach of any covenant, representation, or warranty by the Authority with respect to such loans.

## **FHA and VA Streamline Refinance Programs**

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

## **Single Family Mortgage Loan Origination Procedures and Underwriting Criteria**

Except as noted below, single family mortgage loans are originated for the Authority by commercial banks, savings and loan associations, private mortgage bankers and local redevelopment and housing authorities approved by the Authority to act as its originating lenders ("Originating Lenders"). Pursuant to purchase agreements ("Purchase Agreements"), the Originating Lenders originate and close the single family mortgage loans in their own names and with their own funds and the Authority purchases such single family mortgage loans upon compliance with the terms and conditions of the Purchase Agreements. The Authority quotes prices daily that the Authority will pay to purchase First Mortgage Loans and Second Mortgage Loans from Originating Lenders based on the loan product, lock period, and interest rates offered each day. The Authority limits the compensation of Originating Lenders.

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

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

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

All Originating Lenders are required to enter into Purchase Agreements setting forth the conditions and requirements for origination and purchase of single family mortgage loans. The Originating Lenders must process, settle and disburse the single family mortgage loans in accordance with the underwriting standards and administrative procedures in such Purchase Agreements. For each such single family mortgage loan, the Originating Lender is allowed a maximum of 2.5% compensation which will include a Service Release Premium of 1.5% from the Authority, and may also include any combination of premium pricing paid by the Authority and discount points paid by the mortgagor. In the case of Direct Origination Loans, the Authority charges and retains any origination fee and discount points paid by the mortgagor, and the service release fee is not applicable.

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

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

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

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

### **Servicing of Single Family Mortgage Loans**

Each single family mortgage loan is serviced by the Authority. Ginnie Mae Mortgage Loans, Fannie Mae Mortgage Loans, and Freddie Mac Mortgage Loans are also subject to additional servicing requirements imposed by Ginnie Mae, Fannie Mae, and Freddie Mac, respectively, although for Ginnie Mae the requirement at present is to comply with the servicing requirements of the federal government entity providing the mortgage insurance or guarantee. Single family mortgage loans which are insured or guaranteed by third parties are required to be serviced in accordance with the applicable insurer's or guarantor's requirements. The Authority has policies and procedures in place intended to keep its servicing in compliance with all such requirements.

The Authority collects monthly payments of principal and interest and escrows. All such funds are deposited in segregated trust or custodial accounts or other accounts approved by the Authority in state or national banks or savings and loan associations, the deposits in which are insured by the Federal Deposit Insurance Corporation up to their limits which are generally \$250,000 per mortgagor. From the funds so deposited the Authority pays to the proper parties, when and if due, mortgage insurance premiums, real estate taxes and special assessments and insurance premiums. The Authority remits the principal and interest to the applicable resolution, to the General Fund, or in accordance with agreements with Ginnie Mae, Fannie Mae, or Freddie Mac, as applicable. The hazard insurance policy which is required by the Authority to be maintained on the mortgaged premises insures the Authority as mortgagee to the full extent of its interest in the mortgaged premises by requiring the coverage to be at least equal to the replacement cost value. If the mortgaged premises is located in a Special Flood Hazard Area designated by the Federal Emergency Management Agency the Authority requires that the flood insurance coverage meets the minimum of the outstanding loan balance, the mortgaged premises' replacement cost, or the maximum National Flood Insurance Program limit. The borrower in his or her discretion may have additional insurance beyond what the Authority requires, and if requested by the borrower, the Authority will escrow those additional insurance premiums and make payments to the proper parties. The Authority escrowing for the premiums of any particular insurance does not guarantee that such insurance will always be there because circumstances beyond the Authority's control could lead the insurer to refuse to renew the policy or impose high premium increases.

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

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

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

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

## Loan Modifications

The Authority manages loan modifications and loss mitigation programs pursuant to FHA, RD, VA, Fannie Mae and Freddie Mac guidelines and requirements, as applicable, which may change from time to time. In the case of delinquencies of Self-Insured Mortgage Loans, the Authority has more flexibility in fashioning loan modifications. The Authority typically modifies Second Mortgage Loans when it modifies First Mortgage Loans on the same property for the same borrower.

## Declining Markets; Risk of Loss

The Authority finances single family residential housing throughout Virginia with mortgage loans secured by liens on the residences financed. Declines in home values can result in declines in the value of the collateral for the Authority's single family mortgage loans. Home prices in Virginia have suffered significant declines during past economic recessions and depressions and they are likely to do so again during future significant economic problems, including those caused by pandemics and high rates of inflation. The Federal Reserve is attempting to use its target federal funds rate to fight inflation without stalling the economy with carefully timed rate cuts. The Federal Reserve's strategy may or may not work. See "Business Disruption Risk" in "Part III - General Information About the Authority" for more information on the negative impact of adverse external events on the Authority's operations. Recessions, depressions, and especially the economic consequences of laws and orders issued by governments to control the spread of pandemics, are not easily understood or predicted, but their consequences are often increases in delinquencies, defaults and losses on residential mortgage loans generally, particularly with respect to residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. Upon a default on a single family mortgage loan, a decline in property value will affect the Authority's risk of loss depending upon the type of mortgage loan. In the case of an FHA insured mortgage loan, any loss to the Authority is usually limited to approximately 2-3% of the principal balance of the mortgage loan, regardless of any decline in property value. However, the Authority may suffer greater losses on FHA insured single family mortgage loans if the Authority is required by FHA to indemnify FHA for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA requirements relating to the origination or servicing of such FHA insured single family mortgage loans. From time to time, the Authority has reimbursed FHA for losses on FHA insured single family mortgage loans because of failure by the Authority to comply with FHA servicing requirements. The total of such payments, however, has been insignificant given the number and outstanding balance of FHA insured single family mortgage loans serviced by the Authority. In the case of a mortgage loan guaranteed by VA or RD or insured by a private mortgage insurance company, the Authority experiences minimal loss due to any such decline in property value, except to the extent that the amount owed on such mortgage loan exceeds the value of the property by an amount greater than the maximum insurance or guarantee amount (generally 20-25% of the original loan amount). FHA, VA and RD do not pay all of the Authority's claims but the amount rejected is not material. In the case of a Self-Insured Mortgage Loan that is a Second Mortgage Loan, the Authority will usually suffer a full loss of the amount owed on such Second Mortgage Loan. In the case of any other Self-Insured Mortgage Loan, the Authority will suffer a loss to the extent that the value of the property is less than the amount owed on such Loan and, as a result, any decline in property value may increase the risk of loss on such Self-Insured Mortgage Loan.

The Authority conducts quarterly analyses of the risk of losses on single family mortgage loans (or unsecured notes related to the disposition of such loans) in the single family program to be included in the Authority's allowance for loan loss. As of June 30, 2026, such amount was calculated as follows (in millions, rounded to the nearest million):

| <u>Type of Single Family Mortgage Loans or Notes</u>                                                                                 | <u>Amount Included<br/>in the Authority's<br/>Allowance for Loan<br/>Loss<br/>(in millions)</u> | <u>Amount Included,<br/>as a Percentage of<br/>Principal Balance<br/>of Such Mortgage<br/>Loans or Notes</u> |
|--------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Self-Insured and private mortgage insurance, including those securitized through Fannie Mae and Freddie Mac                          | \$36                                                                                            | 1.8%                                                                                                         |
| Insured or guaranteed by agencies of the federal government<br>(e.g., FHA, VA and RD) including those securitized through Ginnie Mae | 22                                                                                              | 0.3                                                                                                          |
| Second Lien Loans                                                                                                                    | <u>20</u>                                                                                       | 10.6                                                                                                         |
|                                                                                                                                      | \$78                                                                                            |                                                                                                              |

In consultation with its external auditors, the Authority changed the methodology for calculating the allowance for loan loss attributable to its single family program beginning with the fiscal year ending June 30, 2026, as shown in Appendix A. This new methodology was used in the quarterly analysis above, and facilitates a more efficient administration of the single family program part of the Authority's loan loss calculation by using loan level information on delinquency status and credit scores.

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

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

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

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

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

### **Data on Single Family Mortgage Loans**

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

### **Future Funding of the Single Family Program**

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

### **Other Support for Single Family Borrowers Currently Offered**

The Authority has implemented a grant program called the Down Payment Assistance Grant that provides grants to be used for down payments to first time homebuyers (or any homebuyer when purchasing in a Targeted Area, as defined in Appendix D) who earn not more than 80% of the Authority's current income limits and are getting certain First Mortgage Loans from the Authority. This grant program is a REACH Virginia program. See "General Fund and Other Net Position" in "Part III – General Information About the Authority" for a description of the Authority's financing of REACH Virginia. At this time, the Authority has neither designated a date when this grant program will end nor set a maximum amount of funding for it.

The Authority has implemented a grant program that provides grants to be used to pay closing costs, discount points, pre-paid items and the upfront fees charged by RD and VA to certain borrowers obtaining mortgage loans that will be guaranteed by VA or RD. Loans guaranteed by VA and RD may be for up to 100% of the purchase price so this grant could possibly allow a borrower to buy a home with very little or no out of pocket expenses. This grant program is a REACH Virginia program. See "General Fund and Other Net Position" in "Part III – General Information About the Authority" for a description of the Authority's financing of REACH Virginia. At this time, the Authority has neither designated a date when this grant program will end nor set a maximum amount of funding for it.

The Authority may from time to time implement a pilot program for a small number of borrowers or community land trusts that meet certain criteria for a limited time to evaluate the effectiveness of the program before offering the program to a larger number of borrowers or community land trusts.

## **THE MULTI-FAMILY PROGRAM**

The information that follows is provided to explain the Authority's program of making or purchasing multi-family mortgage loans and financing Authority owned multi-family developments. The Authority has made or purchased mortgage loans on multi-family developments with proceeds of bonds issued pursuant to its bond resolutions and with other moneys of the Authority. This information does not purport to be comprehensive or definitive, and the limits, amounts of financial reserves, rules and criteria described are not required by any bond resolutions and are subject to modification, change or waiver by the Authority, in whole or in part, at any time, and with respect to any particular multi-family development proposal or any particular type of multi-family development (such as multi-family developments containing a small number of units intended for occupancy by persons with disabilities). The Act refers to individuals and entities who create multi-family developments as housing sponsors, but in common business language such individuals and entities are referred to as developers, and that is the term used in this Official Statement. Most mortgage loans originated under the Authority's multi-family program are made to a borrower, often a single asset entity, that is related to but different from the developer, and those are referred to herein as multi-family borrowers.

New mortgage loans to be originated under the Authority's multi-family program are expected to be financed primarily with the proceeds of Rental Housing Bonds and assets comprising the net position pledged to the Rental Housing Bonds Resolution and pursuant to the program described below. The Authority also expects to utilize other moneys of the Authority to finance other mortgage loans under its multi-family program as set forth in "General Fund and Other Net Position" in "Part III - General Information

About the Authority.” The underwriting, terms and requirements for multi-family mortgage loans financed by other moneys of the Authority are substantially the same as they are for mortgage loans financed by Rental Housing Bonds, if and to the extent applicable as described below.

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

## **General**

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

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

Developers sometimes ask the Authority to issue Tax-Exempt Bonds with very short maturities, primarily to meet requirements of the federal low-income housing tax credit program. The Authority’s standard policy is to accommodate this request if the developer either gives the Authority an irrevocable letter of credit for the full amount of such short-term bonds, or can meet the following standards: (i) the proceeds of the short-term bonds are only to be used to meet the federal low-income housing tax credit program’s 25% test, (ii) the developer must give the Authority an irrevocable letter of credit for at least 30% of the amount of such short-term bonds, and (iii) the developer must pay the Authority a fee of 2% of the amount of the short-term bonds not covered by the irrevocable letter of credit, which is in addition to the Authority’s other loan fees. The Authority has, and may again in the future, consider other forms of security.

## **Federal Programs and Requirements**

Neither the Act nor the Rental Housing Bonds Resolution requires that multi-family mortgage loans be insured or guaranteed by the federal government or private mortgage insurance companies or that multi-family developments financed under the multi-family program be entitled to or eligible for federal assistance (see Appendix F for a description of certain federal programs under which the Authority has previously financed, and may finance in the future, multi-family developments). The Authority has financed, and expects to finance in the future, multi-family developments assisted under the Low-Income Housing Tax Credit Program described in Appendix F. The Authority does not expect to finance substantial principal amounts of new multi-family developments assisted under the other federal programs described in Appendix F; however, the Authority has refinanced, and expects to refinance in the future, mortgage loans (of the Authority or other governmental entities) which are then financing such multi-family developments. The Authority has financed, and may finance in the future, increases in the outstanding principal amounts

of the Authority's existing mortgage loans on multi-family developments that are assisted under such federal programs. In addition, the Authority has financed, and may finance in the future, mortgage loans on multi-family developments which are not currently financed by the Authority and which, prior to financing by the Authority, were assisted under the Section 236 Interest Reduction Payments Program (the "Section 236 Program") or the Section 8 Program described in Appendix F and, after such financing, may receive assistance under the terms of the agreements related to the applicable program and be subject to the rental and occupancy requirements under such program.

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

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

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

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

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

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

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

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

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

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

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

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

Multi-family developments financed by certain Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds which were either issued on or after January 1, 1981, and before August 16, 1986 or issued pursuant to a transition rule in the Tax Reform Act of 1986 are subject to certain restrictions as to the use and occupancy of units therein under the Code and the predecessor provisions of the Internal Revenue Code of 1954, as amended (the “1954 Code”). Such multi-family developments consisting of residential rental property, as such term is defined in Section 103(b)(4) of the 1954 Code, are subject to the requirement that (i) at least 20% of the units in each multi-family development financed by such bonds (15% if the development is located in certain low income or economically distressed areas) be occupied during the “Qualified Project Period” (defined below) by individuals whose incomes do not exceed 80% of the median income for the area (the “20/80 Requirement”), (ii) all of the units of each multi-family development be rented or available for rental on a continuous basis for the longer of the remaining term of the applicable series of such bonds or the Qualified Project Period for the multi-family development, and (iii) no building in any multi-family development contains less than 5 units if one of such units is occupied by an owner of the units. The 20/80 Requirement does not apply to multi-family developments financed by Transitioned 1954 Code Tax-Exempt Non-AMT Bonds issued to refund bonds issued prior to January 1, 1981.

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

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

## **Authority Income Limits**

The Authority has established income limits for the admission of families and persons to Authority financed multi-family developments. Under the Authority’s current rules and regulations (which are subject to change), the adjusted family income as defined by the Authority for admission to a rental unit in a multi-family development may not exceed 150% of the area median gross income, except as described below regarding economically mixed multi-family developments. In addition, the Authority’s rules and

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

### **Economically Mixed Multi-Family Developments**

The Authority has financed, and expects to finance in the future, economically mixed multi-family developments in which a portion of the units (not to exceed 80%) will not be subject to the Authority's income limits. The Authority is also authorized to finance in such multi-family developments nonhousing buildings or portions thereof. The Authority has set the minimum set-aside for such economically mixed multi-family developments not financed by Tax-Exempt Bonds as 20% of the units restricted to tenants with incomes not exceeding 80% of area median income, as determined by the Authority. The Authority has offered different options in the past and may modify, eliminate or replace the options described above in the future.

### **Underwriting**

When a developer submits to the Authority an application for the financing of a multi-family development, it is assigned to an Authority staff development officer (a "Development Officer"), who evaluates the proposed multi-family development concept, the multi-family development site and its location. Based upon the initial screening, the Development Officer will then evaluate the suitability of the site and the adequacy of the market for rental housing in the area. The evaluation will include an analysis of the site characteristics, the surrounding land uses, the available utilities, transportation, employment opportunities, recreation opportunities, shopping facilities and other factors affecting the site. An initial evaluation is made of the experience and financial capacity of the general contractor and the qualifications of the architects, attorneys and rental agent of the proposed multi-family development at this time. During this stage of processing, the Chief Executive Officer approves the mortgage loan, subject to satisfactory completion of the underwriting as described below.

After the above-described evaluation and review, the developer must submit additional information, including an analysis of the multi-family development's expected costs and operating expenses, marketing and management information and information about the developer and the development team. The Development Officer analyzes the economic feasibility of the multi-family development, considering, among other things, an estimate of construction cost, a projection of rental levels, the projected mortgage loan amortization and operating expenses, and an estimate of rental and other income, as well as the compatibility of such rent levels with Authority programs and goals. To be considered feasible, the development's expected rental income, which would be impacted by the area's supply of and demand for rental housing as well as the income and rental restrictions imposed on the development by the applicable housing programs, must be sufficient to cover expected loan payments and operating costs by an acceptable amount, as determined by the Authority. For the purpose of analyzing the feasibility of the multi-family development, the Authority's underwriting guidelines provide that (i) the loan-to-value ratio may not exceed 90%, in the case of for-profit mortgagors, and 100%, in the case of non-profit mortgagors, (ii) the term of the mortgage loan may not exceed 40 years, and (iii) the debt service coverage, which is calculated as the net operating income (i.e., the rental income less operating expenses) divided by the debt service on the mortgage loan, may not be less than 110%; however, the foregoing policies may be waived or modified by the Authority at any time.

During the analyses described above, (i) expected construction costs are reviewed and analyzed by the Development Officer, with advice from the Authority's staff architects, to determine whether such costs are reasonable based on costs of similar developments, and (ii) the Development Officer obtains an appraisal of the land or leasehold interest from an independent real estate appraiser and makes a more detailed evaluation (compared to the initial review) of overall market conditions and the proposed site of the multi-family development.

The Development Officer at this stage identifies and analyzes competitive projects, and gives an opinion on the present and projected demand for the multi-family development in the market area. Such analysis of overall market conditions generally includes

trends and projections of housing production, employment and population for the market area. The site evaluation includes the access and topography of the site, the neighborhood environment of the site, facilities serving the site and present and proposed uses of nearby land. In addition, the Development Officer reviews the management of the proposed development, with particular emphasis given to determining if the operating costs are realistic and if the proposed managing agent is qualified to manage the multi-family development in conformity with the management standards and procedures established by the Authority. Drawings, specifications and site plans are reviewed by the Authority's staff architects for design concept with emphasis being placed on functional use for the residents and marketability over the life of the multi-family development. Submission of a Phase I environmental assessment is generally required and reviewed by the Development Officer. Additional assessments and reports may be required based on identified conditions.

If upon completion of the analyses described above the Chief Executive Officer approves the multi-family development, a commitment for a mortgage loan is issued with any terms or conditions specified by the Chief Executive Officer.

Throughout the underwriting process described above, the Development Officer must estimate the likelihood that certain things will happen or will not happen between the time the Authority disburses its loan and gets paid in full. Notwithstanding the use of recognized underwriting techniques and standards, including the use of both historical data and data from existing loans in the portfolio, the Development Officer's ability to predict the future is always going to be imperfect. When certain underwriting assumptions are proven wrong it can result in a loan that is less likely to be paid in full than the Authority originally expected.

### **Commitment and Initial Closing**

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

### **Construction**

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

In addition, the Authority requires all of the necessary construction funding that will come from sources other than the proceeds of the Authority's construction loan (referred to in this paragraph as "required equity") be disbursed and used for the construction before any of the proceeds of the Authority's construction loan are disbursed. Under current market conditions, the overwhelming majority of construction loans with low-income housing tax credits require an exception to the forgoing policy. The Authority allows such exceptions under the following conditions: (a) the schedule for disbursements of required equity must provide for disbursements no later than the following: 25% of the total required equity paid in at loan closing from a disbursement from the low-income housing tax credit investor, as either a bridge loan or cash investment, net of any developer fee payment or other cost not included in the Authority's loan to cost calculation; 50% of all required equity disbursed on or before 50% construction completion; and 100% of all required equity disbursed by the end of construction, and (b) the developer must pay a fee to the Authority which is generally between 1% and 2% of the amount of required equity not disbursed at closing, depending on the amounts and the timing of the disbursements of the required equity.

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

### **Final Closing and Certifications**

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

Prior to final closing the Authority's staff reviews and approves the cost certifications, final title insurance policy and certain documents required by the Authority, such as final plans and specifications, as-built survey, waiver of liens and the architect's

certification as to completion of the multi-family development. Upon final closing the final multi-family mortgage loan amount is established and disbursement of the remaining mortgage loan proceeds is made.

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

There are several reasons why final closing may be delayed, including construction delays and a variety of financial hardships which can be experienced by the developer. When the Authority receives money later than was anticipated because the final closing is delayed, the Authority may incur unanticipated costs.

### **Permanent Financing**

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

### **Regulation and Management**

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

The Authority has the right to terminate the housing management agreement for just cause as determined by the Authority. After completion of construction and occupancy, the Authority periodically inspects the multi-family development and conducts spot audits of the management agent's verification of resident eligibility, receives a report on the multi-family development accounts, accounts payable and receivable and multi-family development bank accounts, and generally observes all management operations. Except in the case of mortgage loans having an outstanding principal balance of less than \$1 million, the mortgagor is required to submit monthly reports to the Authority which include information on the status of accounts payable and receivable for the multi-family development, occupancy of the units, and operating income and expenses. When any potential problems are identified, the Authority attempts to determine the causes in order to facilitate the initiation of appropriate corrective action, which may include management changes, additional equity contributions by the mortgagors, foreclosure, loan modification and other appropriate remedial actions.

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

An escrow account for the payment of real estate taxes and insurance premiums is maintained by the Authority for each multi-family development after final closing and is funded by monthly payments by the mortgagor of 1/12 of the estimated annual real estate tax assessments and insurance premiums. The Authority pays real estate taxes and insurance premiums for each multi-family development out of the sums available for each multi-family development from the mortgagor's deposits. The mortgagor is required to contribute additional funds in the event of a deficiency in the escrow account. In addition, on a case by case basis, the Authority may not require a real estate tax and insurance escrow if the Authority determines that such escrows are not warranted. The Authority escrowing for the premiums of any particular insurance does not guarantee that such insurance will always be there because circumstances beyond the Authority's control could lead the insurer to refuse to renew the policy or impose high premium increases.

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

### **Delinquencies and Foreclosures; Risk of Loss**

As of June 30, 2026, all mortgage loans were current in their payments, except mortgage loans for six developments having an aggregate outstanding principal balance of \$44 million, rounded to the nearest million; however, a mortgage loan can be current

in its payments and still be on the Authority's at-risk list described below. As of June 30, 2026, the Authority owned, as a result of foreclosure or deed in lieu of foreclosure, one development financed, in whole or in part, with proceeds of bonds (including Rental Housing Bonds) (the "Owned Developments"). The Authority reports losses in its financial reports when it takes title to such Owned Developments and reports additional losses when subsequent appraisals of such Owned Developments show declining values. Typically, the operating income of such Owned Developments covers their operating expenses.

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

The Authority conducts quarterly analyses of the risk of losses on its multi-family mortgage loans to be included in the Authority's allowance for loan loss. For this analysis, the Authority develops a list of the multi-family developments that are identified as being at-risk of foreclosure and assigns one of four levels of risk ("high risk," "medium risk," "low risk" or "watch") to each of those at risk multi-family developments based upon a number of factors, which for most mortgage loans include its mortgage loan payment status and record, its debt service coverage from rental income, the willingness and ability of the mortgagor to fund mortgage loan payment deficiencies, its physical condition, the mortgagor's operation and management of the development, the financial status of any other multi-family developments that the principals in the mortgagor have financed with the Authority and such other factors as the Authority determines to be related to the risk of loss. For smaller mortgage loans the analysis may be limited to the loan size compared to the value of the collateral. The foregoing analysis is likely different from the analysis that would be used by a commercial lender that does not have an affordable housing mission. For each such at-risk multi-family development, the Authority estimates the potential loss should it go to foreclosure as the difference between (i) the estimated value of the collateral and (ii) the outstanding principal balance of the mortgage loan, less any operating or replacement reserves held by the Authority. For multi-family developments for which the Authority has reliable financial information, the Authority estimates the value of the collateral as the amount of debt financing (assumed to be fully amortizing over 30 years with level payments and at the lesser of the existing interest rate on the Authority's mortgage loan or the current permanent forward multi-family interest rate then being offered by the Authority) which could be supported at break-even by the net operating income of the multi-family development, all as determined by the Authority in its sole discretion. For at risk multi-family developments for which the Authority does not have reliable financial information, the Authority estimates the value of the collateral using the tax assessment value. When determining such risk levels and potential losses, the Authority does not consider the possibility of natural disasters, economic disruptions, or anything else outside of the control of the mortgagor and the Authority. The Authority can give no assurance that its determination of risk for all such developments, as described in this paragraph, is accurate. Based on such level of risk and potential loss, the Authority includes an amount for each such at-risk multi-family development in the Authority's allowance for loan loss. Set forth below is a chart that lists, as of June 30, 2026, the number of such at-risk multi-family developments at each level of risk, the aggregate principal balance of the mortgage loans financing such developments, and the amount included in the Authority's allowance for loan loss (all in millions, rounded to the nearest million):

| <u>Foreclosure<br/>Risk Level</u> | <u>Number of<br/>Developments</u> | <u>Principal<br/>Balance</u> | <u>Amount<br/>Included in<br/>the Authority's<br/>Allowance for<br/>Loan Loss</u> |
|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------------------------------------------------------|
| High                              | 2                                 | \$90                         | \$12                                                                              |
| Medium                            | 11                                | 23                           | 9                                                                                 |
| Low                               | 44                                | 145                          | 12                                                                                |
| Watch                             | <u>47</u>                         | <u>234</u>                   | <u>4</u>                                                                          |
| TOTAL                             | 104                               | \$492                        | \$37                                                                              |

The Authority also includes in the Authority's allowance for loan loss additional amounts for all other multi-family developments based upon 1.063% of the outstanding principal balances of the mortgage loans financing such other developments and may include other additional amounts in the Authority's allowance for loan loss to cover risks on multi-family developments not otherwise covered by the above described amounts. The total of all of the foregoing amounts attributed to the multi-family program that were included in the Authority's allowance for loan loss as of June 30, 2026 is \$58 million, rounded to the nearest million. The Authority may at any time modify the above described analysis and calculations as it shall determine to reflect its risk of loan loss. See Appendix A for the Authority's total allowance for loan loss. See "Geographic Concentration in Virginia" in "Certain Programmatic Considerations" for a discussion of the risk from the concentration of multi-family mortgage loans in Virginia.

#### MISCELLANEOUS PROGRAMS

The Authority makes certain mortgage loans supported or financed by assets comprising the net position of the Authority (see "General Fund and Other Net Position" in "Part III – General Information About the Authority" for a description of mortgage loan programs effected with assets in the General Fund). The Authority administers the federal low-income housing tax credit program

under Section 42 of the Code and the Commonwealth's Housing Opportunity Tax Credit program and federal grant or subsidy programs and assists the Commonwealth's Department of Housing and Community Development in the administration of the federal HOME loan and grant program, the federal Housing Trust Fund loan and grant program and state loan and grant programs. Mortgage loans and other assets financed or acquired by money from federal or state grant or subsidy programs are not pledged or available for the payment of any of the Authority's bonds or other obligations.

## **CERTAIN PROGRAMMATIC CONSIDERATIONS**

### **Geographic Concentration in Virginia**

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

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

The concentration of the Authority's multi-family mortgage loans and single family mortgage loans with specific characteristics relating to the types of properties, property characteristics, and geographic location are likely to change over time. Principal payments may affect the concentration levels. Principal payments could include voluntary prepayments and prepayments resulting from casualty or condemnation, defaults and liquidations and from repurchases of mortgage loans due to breaches of representations and warranties by the Authority's Originating Lenders.

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

### **Changes in Federal or State Law and Programs**

The Authority endeavors to operate all its programs in compliance with all applicable federal and state laws and regulations. Changes in such laws and regulations could adversely impact the Authority's revenues when such changes directly or indirectly increase the Authority's operating costs or decrease the demand for the Authority's loan products. In addition, changes to federal or state housing programs, including, but not limited to, reductions in program funding or operating budgets, could adversely impact the Authority's revenues when such changes directly or indirectly increase the Authority's operating costs, decrease the demand for the Authority's loan products, eliminate capital sources the Authority expected would be available for developments already under construction, or result in the elimination of an Authority program. The Authority does not currently anticipate any changes to federal or state laws, regulations or programs that would result in a material adverse impact on the Authority's revenues, but the Authority can give no assurance as to the likelihood, content or material impact on the Authority of any future changes to federal or state laws, regulations or programs.

### **Prepayments**

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

## PART III – GENERAL INFORMATION ABOUT THE AUTHORITY

### History and Location

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

### Commissioners

The Commissioners of the Authority consist of eight members appointed by the Governor, each to a four-year term, one of whom must satisfy the criteria specified by Section 2(b) of the United States Housing Act of 1937, one member appointed by the Virginia Board of Housing and Community Development (“BHCD”) from their own membership to be their representative, with no fixed term, and two ex officio members. The eight members appointed by the Governor must be confirmed by the General Assembly. If the General Assembly rejects their appointment after the beginning of their term, they are Commissioners from the beginning of their term until the General Assembly rejects their appointment. At the end of his or her term, each Commissioner appointed by the Governor continues to serve until the Governor reappoints them (a maximum of two consecutive terms are allowed) or a new Commissioner is appointed by the Governor to replace them. The representative of BHCD remains a Commissioner until BHCD chooses a replacement. The two ex officio members are the Treasurer of the Commonwealth and the Director of the Virginia Department of Housing and Community Development. After the Governor appoints the Treasurer of the Commonwealth and the Director of the Virginia Department of Housing and Community Development, those appointments must be confirmed by the General Assembly, but they are Commissioners from their appointment. The Authority’s Commissioners currently are:

| <u>Name</u>                  | <u>Term Expires</u><br><u>June 30</u> | <u>Position</u>                                                                                         |
|------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------|
| Davon Gray, Chair            | 2027                                  | Vice President of Policy, Purpose Built Communities, King George County                                 |
| Michael Olivieri, Vice Chair | 2028                                  | Senior Vice President, Associated Development Management Corp., Virginia Beach                          |
| Dominique Hicks-Whitaker     | 2026                                  | Section 8 Housing Choice Voucher Representative, Henrico County                                         |
| Donald E. Scoggins           | 2026                                  | Affordable Housing Consultant and Urban Planner, Woodbridge                                             |
| Sarah B. Stedfast            | 2027                                  | Executive Vice President, Mortgage Regional Sales Manager, TowneBank Mortgage, Virginia Beach           |
| Matthew Fields               | 2028                                  | Owner, Appalachian Capital Partners, Buchanan County                                                    |
| Dare Ruffin                  | 2028                                  | Asset Management & Investment Lead, Ruffin Family Office (embedded within Gold Key PHR), Virginia Beach |
| Nathan Shultz                | 2029                                  | Housing and Mortgage Industry Consultant, Potomac Partners LLC Alexandria                               |
| Roger W. Jones               | no fixed term                         | Member and representative, Virginia Board of Housing and Community Development, Nokesville              |
| David L. Richardson          | ex officio                            | Treasurer, Commonwealth of Virginia, Richmond                                                           |
| Dr. Tamarah A. Holmes        | ex officio                            | Director, Virginia Department of Housing and Community Development, Richmond                            |

### Management Structure; Principal Staff Officers

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

Tammy Neale. Chief Executive Officer. Ms. Neale joined the Authority in 1985 and after serving the Authority in numerous positions in Homeownership she served as the Authority’s Strategic Planning Officer, Managing Director of Human Resources,

Managing Director of Organizational Development & Learning, Chief of Staff, and Chief of Programs, prior to starting her current role on April 1, 2024. Ms. Neale is a graduate of the University of Richmond.

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

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

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

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

**Program Funds**

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

**Summary of Revenues, Expenses, and Net Position**

The following is a summary of the Authority’s revenues, expenses and net position at year end for each of the fiscal years from 2023 through 2026. The net position of certain funds is restricted and is subject to varying valuation methodologies pursuant to contracts with bond owners. The totaling of the accounts does not indicate that assets comprising the combined net position are available for the payment of principal or interest on the Commonwealth Mortgage Bonds, Homeownership Mortgage Bonds or Rental Housing Bonds, for the payment of the Authority’s operating expenses or for any other purpose. The summary should be read in conjunction with the financial statements and notes appearing in Appendix A. The amounts in the summary for each year ended June 30 are derived from the audited financial statements for each such year.

|                                          | Year Ended June 30<br>(in millions, rounded to the nearest million) |                |                |                |
|------------------------------------------|---------------------------------------------------------------------|----------------|----------------|----------------|
|                                          | <u>2023</u>                                                         | <u>2024</u>    | <u>2025</u>    | <u>2026</u>    |
| Memorandum Only - Combined totals        |                                                                     |                |                |                |
| Revenues: .....                          | <u>\$628</u>                                                        | <u>\$712</u>   | <u>\$754</u>   | <u>\$821</u>   |
| Expenses: .....                          | <u>590</u>                                                          | <u>638</u>     | <u>650</u>     | <u>771</u>     |
| Excess of revenues over expenses .....   | 38                                                                  | 74             | 104            | 50             |
| Net position at beginning of period..... | <u>3,747</u>                                                        | <u>3,785</u>   | <u>3,859</u>   | <u>3,963</u>   |
| Net position at end of period.....       | <u>\$3,785</u>                                                      | <u>\$3,859</u> | <u>\$3,963</u> | <u>\$4,013</u> |

**Prior and Anticipated Financings of the Authority**

As of June 30, 2026 the Authority had approximately \$9,018 million, rounded to the nearest million, of notes and bonds outstanding (see Appendix A). Subsequent to such date, the Authority issued, or currently expects to issue, the notes and bonds listed below. Notes and bonds listed below with an issuance date that falls after the date of this Official Statement are described below based on the Authority’s current estimates and they may or may not ever be issued and, if issued, they may have a different par amount or be issued on a different date than shown below.

| <u>Issue</u>                                             | <u>Par<br/>Amount</u> | <u>Issuance<br/>Date</u> |
|----------------------------------------------------------|-----------------------|--------------------------|
| Commonwealth Mortgage Bonds, 2026 Series H-Non-AMT ..... | \$150,000,000         | July 8, 2026             |
| Commonwealth Mortgage Bonds, 2026 Series I-Taxable ..... | \$225,000,000         | July 8, 2026             |
| Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT ..... | \$206,340,000         | July 8, 2026             |
| Rental Housing Bonds, 2026 Series D-Non-AMT .....        | \$32,935,000          | August 25, 2026          |
| Commonwealth Mortgage Bonds, 2026 Series K-Taxable ..... | \$150,000,000         | August 27, 2026          |
| Rental Housing Bonds, 2026 Series E-Non-AMT .....        | \$80,720,000          | October 8, 2026          |
| Rental Housing Bonds, 2026 Series F-Taxable .....        | \$44,095,000          | October 8, 2026          |
| Rental Housing Bonds, 2026 Series G-Non-AMT .....        | \$90,000,000          | December 2, 2026         |
| Rental Housing Bonds, 2026 Series H-Taxable .....        | \$30,000,000          | December 2, 2026         |

The Authority has a \$75 million revolving credit agreement (the “Bank of America Agreement”) with Bank of America, N.A. (“Bank of America”) to provide a source of immediately available funds for the general corporate purposes of the Authority. Upon submission of a completed and duly executed request for advance, the Authority may draw funds under the Bank of America Agreement up to the maximum outstanding amount of \$75 million, provided that no default by the Authority under the Bank of America Agreement shall have occurred and be continuing. Defaults include (i) failure by the Authority to pay any amounts due under the Bank of America Agreement; (ii) any representation or warranty made by the Authority in or pursuant to the Bank of America Agreement being incorrect or untrue in any material respect as of the date of the Bank of America Agreement or as of the date of any extension thereof; (iii) any default by the Authority under any mortgage, indenture, contract, agreement, undertaking or instrument evidencing debt of the Authority that is not remedied within 30 days’ notice by the Authority to Bank of America and that could reasonably be expected to have a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement; (iv) the bankruptcy of the Authority, certain acts of insolvency by the Authority, or the rendering of any final judgment against the Authority that remains unsatisfied for 60 days; (v) the assignment to the Authority of a rating by Moody’s or Standard & Poor’s below Baa or BBB, respectively, or a withdrawal by Moody’s or Standard & Poor’s of their applicable rating of the Authority; (vi) failure by the Authority to comply with certain of its covenants in the Bank of America Agreement requiring the Authority (a) not to invest its own funds in a manner which could reasonably be expected to result in a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Bank of America Agreement, (b) to submit financial records and information, including the Authority’s official statements and offering circulars, to Bank of America, (c) to provide notice to Bank of America of any default by the Authority under the Bank of America Agreement or any default or other event under any instrument evidencing the Authority’s debt that may result in the accelerating of the maturity of such debt and could have a material adverse effect on the Authority, (d) to provide notice to Bank of America of any material litigation pending or threatened against the Authority or of any initiative, referendum, or similar events reasonably expected to have any material adverse effect on the Authority, (e) to maintain adequate and proper books and records, (f) to use best efforts to maintain the Authority’s existence and the Authority’s rights and privileges material to its ability to repay obligations under the Bank of America Agreement, and (g) to comply with laws and regulations of the Commonwealth and the United States; and (vii) merger, consolidation or disposition of all or a substantial part of the Authority’s property reasonably expected to result in any material adverse effect on the Authority. In the event of any default by the Authority under the Bank of America Agreement, Bank of America may terminate such Agreement and may demand immediate payment of any and all amounts drawn and outstanding thereunder. Any such demand may adversely affect the financial condition of the Authority, including its ability to use assets comprising the net position of the General Fund and other assets comprising the Authority’s net position to pay Bond Amounts, to the extent Assets and income therefrom are not sufficient to pay such Bond Amounts. The Bank of America Agreement will terminate on December 1, 2026, unless renewed by the Authority and Bank of America. All outstanding amounts are due and payable on the termination date. For the most recent month, the amount outstanding under the Bank of America Agreement was as follows:

| <u>Date</u>     | <u>Amount Outstanding</u> |
|-----------------|---------------------------|
| August 31, 2026 | \$0                       |

The Authority has a \$75 million revolving credit agreement (the “Wells Fargo Agreement”) with Wells Fargo Bank, National Association (“Wells Fargo”) to provide a source of immediately available funds for the general corporate purposes of the Authority. Upon submission of a completed and duly executed request for advance, the Authority may draw funds under the Wells Fargo Agreement up to the maximum outstanding amount of \$75 million, provided that no default by the Authority under the Wells Fargo Agreement shall have occurred and be continuing. Defaults include (i) failure by the Authority to pay any amounts due under the Wells Fargo Agreement; (ii) any representation or warranty made by the Authority in or pursuant to the Wells Fargo Agreement being incorrect or untrue in any material respect as of the date of the Wells Fargo Agreement or as of the date of any extension thereof; (iii) any default by the Authority under any mortgage, indenture, contract, agreement, undertaking or instrument evidencing debt of the Authority that is not remedied within 30 days’ notice by the Authority to Wells Fargo and that could reasonably be expected to have a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Wells Fargo Agreement; (iv) the bankruptcy of the Authority, certain acts of insolvency by the Authority, or the rendering of any final judgment against the Authority that remains unsatisfied for 60 days; (v) the assignment to the Authority of a rating by Moody’s or

Standard & Poor's below Baa or BBB, respectively, or a withdrawal by Moody's or Standard & Poor's of their applicable rating of the Authority; (vi) failure by the Authority to comply with certain of its covenants in the Wells Fargo Agreement requiring the Authority (a) not to invest its own funds in a manner which could reasonably be expected to result in a material adverse effect on the Authority or the ability of the Authority to perform its obligations under the Wells Fargo Agreement, (b) to submit financial records and information, including the Authority's official statements and offering circulars, to Wells Fargo, (c) to provide notice to Wells Fargo of any default by the Authority under the Wells Fargo Agreement or any default or other event under any instrument evidencing the Authority's debt that may result in the accelerating of the maturity of such debt and could have a material adverse effect on the Authority, (d) to provide notice to Wells Fargo of any material litigation pending or threatened against the Authority or of any initiative, referendum, or similar events reasonably expected to have any material adverse effect on the Authority, (e) to maintain adequate and proper books and records, (f) to use best efforts to maintain the Authority's existence and the Authority's rights and privileges material to its ability to repay obligations under the Wells Fargo Agreement, and (g) to comply with laws and regulations of the Commonwealth and the United States; and (vii) merger, consolidation or disposition of all or a substantial part of the Authority's property reasonably expected to result in any material adverse effect on the Authority. In the event of any default by the Authority under the Wells Fargo Agreement, Wells Fargo may terminate such Agreement and may demand immediate payment of any and all amounts drawn and outstanding thereunder. Any such demand may adversely affect the financial condition of the Authority, including its ability to use assets comprising the net position of the General Fund and other assets comprising the Authority's net position to pay Bond Amounts, to the extent Assets and income therefrom are not sufficient to pay such Bond Amounts. The Wells Fargo Agreement will terminate on December 1, 2026, unless renewed by the Authority and Wells Fargo. All outstanding amounts are due and payable on the termination date. For the most recent month, the amount outstanding under the Wells Fargo Agreement was as follows:

| <u>Date</u>     | <u>Outstanding Principal Balance</u> |
|-----------------|--------------------------------------|
| August 31, 2026 | \$0                                  |

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

| <u>Date</u>     | <u>Outstanding Principal Balance</u> |
|-----------------|--------------------------------------|
| August 31, 2026 | \$370,000,000                        |

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

## **Investments**

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

The Authority's investment portfolio consists principally of direct or indirect obligations of the United States of America or of its agencies and instrumentalities, including but not limited to organizations such as Fannie Mae and Ginnie Mae (collectively, "Federal Obligations"), corporate notes, discount notes, bonds (including municipal bonds) and debentures, asset backed securities, certificates of deposit, repurchase agreements and commercial paper, all of which satisfy the requirements in the above referenced

Sections of the Code of Virginia (see note 5 to the Authority’s audited financial statements attached hereto as Appendix A, as of June 30, 2026). The secondary market for investments which are not Federal Obligations has been in the past and may be in the future very illiquid. No assurances can be given that such investments can be sold prior to maturity or, if sold, can be sold at a price which is not materially less than the Authority’s capital investment in such investment.

Note 5(b) of the Authority’s audited financial statements attached hereto as Exhibit A sets forth a combined statement of the credit risk of the Authority’s investments in the General Fund and under its bond resolutions, as of June 30, 2026. As such Note 5(b) shows, the Authority’s investments that are not Federal Obligations are primarily reverse repurchase agreements and money market securities. As of June 30, 2026, the Authority’s counterparties in the Reverse Repurchase Agreements category were as follows:

| <u>Counterparty</u> | <u>Principal Amount</u> |
|---------------------|-------------------------|
| Cantor Fitzgerald   | <u>\$50,000,000</u>     |
|                     | \$50,000,000            |

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

As of June 30, 2026, the Authority’s counterparties in the Money Market Securities category were as follows:

| <u>Counterparties</u>    | <u>Principal Amount</u> |
|--------------------------|-------------------------|
| US Bank Commercial Paper | \$183,116,818           |
| Locus Bank, Inc.         | 4,000,000               |
| Goldman Sachs            | <u>366,286</u>          |
|                          | \$187,483,104           |

Schedule 5 of the Authority’s audited financial statements attached hereto as Exhibit A shows the funds held by the Authority in a fiduciary capacity are primarily held in cash and cash equivalents.

**The Common Fund**

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

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

**General Fund and Other Net Position**

The General Fund contains assets comprising the net position of the Authority not pledged as security under the Bond Resolution, the Rental Housing Bonds Resolution, or the Homeownership Mortgage Bonds Resolution. The assets comprising the net position of the General Fund are used to pay the operating expenses of the Authority and are a source of payment for all general obligations of the Authority, including the Offered Bonds, although no assets of the General Fund are specifically pledged to secure the Offered Bonds. Moneys comprising the General Fund’s net position may be used for any lawful purpose of the Authority. The Authority expects to continue to pay its general operating expenses from the General Fund and to maintain the General Fund’s net position at a level determined to be appropriate by the Authority. No assurance can be given that moneys will be available in the General Fund for payment of debt service on the Offered Bonds at any particular time.

The Authority uses a portion of the assets comprising its net position to provide additional, targeted, support for low and moderate income Virginians, and it calls those efforts, and the funding committed to those efforts, REACH Virginia. REACH Virginia primarily takes the following forms: very low interest rates for qualifying multi-family borrowers who have made legally binding promises which benefit low and moderate income Virginians, grants, of appropriate sizes, to qualifying housing organizations who are advancing the interests of low and moderate income Virginians in a variety of ways, and grants and interest rate buydowns to qualifying homebuyers through a variety of programs. Under the programs described in the preceding sentence, some borrowers will benefit from both REACH Virginia subsidies and favorable interest rates from tax-exempt bonds. Each year, the Authority determines how much of its net position it will commit to REACH Virginia, and whatever portion thereof goes unused in any fiscal

year is carried forward for use in subsequent fiscal years. The amount of the Authority's net position that the Authority commits to REACH Virginia each year is a percentage (the "REACH Percentage"), which is set by the Authority's Board of Commissioners, and consists of the average of the Authority's modified change in net position for the preceding three fiscal years. The modified change in net position for each of those three preceding fiscal years is determined by taking the actual change in net position for the year, adding back the amount disbursed as grants, and then removing any adjustment related to the effects of GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools. The current REACH Percentage is 75%. From time to time, the Authority may raise or lower the REACH Percentage, or change the methodology for determining the Authority's annual commitment to REACH Virginia. When used for very low interest rates, and similar housing subsidies, the amount considered charged against REACH Virginia represents the present value of the costs to the Authority to finance loans at interest rates below the Authority's costs, or to provide other housing subsidies. When used for grants, the amount charged against REACH Virginia is the amount disbursed. Either way, REACH Virginia is expected to reduce the Authority's net position below what it would have been without REACH Virginia, which reduces the amount of assets comprising such net position available to the Authority for payment of its obligations (including Bond Amounts) or for other purposes permitted by the Act. For fiscal years 2006 to 2027, the Authority has committed a total of \$1.237 billion, rounded to the nearest million, to REACH Virginia.

As of June 30, 2026, \$94 million aggregate principal balance, rounded to the nearest million, of multi-family mortgage loans financed by assets comprising the General Fund's net position was outstanding. As of June 30, 2026, all such multi-family mortgage loans were current in their payments, except for three multi-family mortgage loans having an aggregate outstanding balance of \$587,000; however, a multi-family mortgage loan can be current in its payments and still be on the Authority's at-risk list (see "Delinquencies and Foreclosures; Risk of Loss" in "The Multi-Family Program"). As of June 30, 2026, the Authority did not own any multi-family developments as a result of foreclosure which had been financed, in whole or in part, with assets comprising the General Fund's net position. As of June 30, 2026, \$1,026 million aggregate principal balance, rounded to the nearest million, of single family mortgage loans financed by assets comprising the General Fund's net position (including \$562 million, rounded to the nearest million, of such loans securitized through the issuance of Ginnie Mae securities and Fannie Mae securities held in the General Fund) was outstanding. See Appendix B for data on single family mortgage loans held in the General Fund.

### **Information Security**

As a lender, loan servicer, employer and administrator of certain government programs, the Authority expects to be a target for criminals. If someone gained unauthorized access to an Authority network or property, they could possibly steal, improperly use, destroy or lock up its networks, property or data and if someone successfully deceived an Authority employee, they could steal money or information from the Authority by manipulating the employee. Such crimes could result in financial liability or losses, as well as damage to the Authority's reputation, and would be expected to adversely impact the Authority's financial position. The Authority has implemented an information security program to detect and prevent, as much as possible, such crimes.

### **Climate Change**

Some research institutions believe average temperatures around the world could rise significantly over the coming decades on into the next century. A significant rise in average temperatures could adversely impact production in Virginia's forestry, seafood, and agriculture industries. In addition, a significant rise in average temperatures could trigger more frequent events of severe weather potentially causing damage to public and private buildings and other infrastructure and higher insurance premiums and taxes to pay for repairs. The above conditions could adversely affect Virginia's economy and could result in increased delinquencies, defaults, and losses for the Authority's borrowers. See "Declining Markets; Risk of Loss" in "The Single Family Program," "Delinquencies and Foreclosures; Risk of Loss" in "The Multi-Family Program," and "Business Disruption Risk," below, for additional disclosures regarding economic and disruption risks from adverse external events.

### **Business Disruption Risk**

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

From time to time, there may be legislative proposals in Congress and in the states that, if enacted, could alter or amend the matters referred to under this section. In addition, regulatory actions may be from time to time announced or proposed and litigation may be threatened or commenced which, if implemented or concluded in a particular manner, could alter or amend the matters referred to under this section. It cannot be predicted whether any such legislative proposals will be enacted, whether any such regulatory actions will be implemented, how any particular litigation or judicial action will be resolved, or whether the Offered Bonds

or the market value thereof would be impacted thereby. Purchasers of the Offered Bonds should consult their advisors regarding any pending or proposed legislation, regulatory initiatives or litigation.



**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

(A Component Unit of the Commonwealth of Virginia)

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

June 30, 2026, and 2025

(With Independent Auditors' Reports Thereon)

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Virginia Housing Development Authority  
Richmond, Virginia

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the business-type activities and fiduciary activities of Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the years ended June 30, 2026 and 2025 (except for the Retiree Health Care Plan fiduciary fund, which is as of and for the years ended December 31, 2025 and 2024), and the related notes to the financial statements, which collectively comprise the Virginia Housing Development Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Virginia Housing Development Authority, as of June 30, 2026 and 2025 (except for the Retiree Health Care Plan fiduciary fund, which is as of and for the years ended December 31, 2025 and 2024), and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

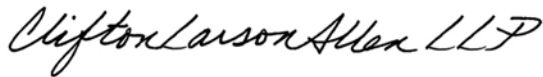
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedule of Net Position - June 30, 2026 and 2025, Combining Schedule of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2026 and 2025, Combining Schedule of Fiduciary Net Position – Fiduciary Funds – Custodial Funds - June 30, 2026 and 2025, and the Combining Schedule of Changes in Fiduciary Net Position – Fiduciary Funds – Custodial Funds – Year Ended June 30, 2026 and 2025 (collectively, the Supplementary Information), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Virginia Housing Development Authority

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 10, 2026

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Management's Discussion and Analysis**

(unaudited)

June 30, 2026 and 2025

Management of the Virginia Housing Development Authority (Authority) provides this discussion and analysis as an introduction to and overview of the financial statements for the fiscal years ended June 30, 2026, and 2025. Its purpose is to assist readers in understanding the information presented in the financial statements and notes, and to highlight and explain changes that occurred during the reporting periods.

### **Organization Overview**

The Authority is a political subdivision of the Commonwealth of Virginia (Commonwealth), established under the Virginia Housing Development Authority Act (Act) enacted by the General Assembly in 1972, as amended. The Act authorizes the Authority to finance the acquisition, construction, rehabilitation, and ownership of affordable housing for low or moderate-income Virginians. To finance its mortgage lending activities, the Authority issues tax-exempt and taxable bonds and sells mortgage-backed securities to investors. The bonds and other indebtedness of the Authority are not obligations of the Commonwealth, and the Commonwealth is not liable for repayments. As a self-supporting entity, the Authority does not receive operational funding from the Commonwealth; its revenues are derived primarily from interest on mortgage loans, mortgage servicing fees, gains from the sale of mortgage-backed securities, program administration fees, and investment income.

The Authority participates in the Government National Mortgage Association (GNMA) Mortgage-Backed Securities (MBS) program. Through this MBS program, the Authority issues GNMA securities backed by pools of mortgage loans, which may be retained or sold to third parties. Once securitized, the underlying mortgage loans are no longer assets of the Authority nor pledged to any bond resolution; however, the Authority may either sell the GNMA security or retain ownership and record it as an investment. Each GNMA security represents an undivided ownership interest in a pool of homeownership mortgage loans and are backed by the full faith and guaranty of the United States (U.S.) government, ensuring timely payment of scheduled principal and interest. All mortgage loans under the GNMA MBS program are insured or guaranteed by the Federal Housing Administration (FHA), the U.S. Department of Agriculture's Rural Development agency, or the Veterans Administration.

The Authority also participates in the Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) MBS programs. The Authority may sell homeownership mortgage loans to FNMA or FHLMC under their whole loan programs, or it may issue securities backed by homeownership mortgage loans. Such securities may be held by the Authority or sold to third parties. Once securitized, the mortgage loans are no longer assets of the Authority nor pledged to any bond resolution; however, the Authority may either sell the FNMA and FHLMC securities or retain ownership and record them as investments. Guarantees provided by FNMA and FHLMC ensure the timely payment of scheduled principal and interest to the security holders.

In addition to its core mortgage lending programs, the Authority administers various other housing-related programs on a fee-for-service basis. These include the Housing Choice Voucher (HCV) program, which provides federally funded rental subsidies, and the federal Low-Income Housing Tax Credit (LIHTC) program, which awards income tax credits for the development or rehabilitation of rental housing projects. The Authority also administers the Commonwealth's Virginia Housing Opportunity Tax Credit (HOTC) program, which provides state income tax credits to support low-income housing developments that have received federal LIHTCs.

The Authority uses a portion of its net position to support its Resources Enabling Affordable Community Housing (REACH) *Virginia* initiatives, which provide grants or subsidized mortgage loan interest rates to expand housing opportunities for elderly, disabled, homeless, and other low- to moderate-income populations. Following a full financial analysis of the Authority's financial position, the Authority's Board of Commissioners determines the REACH percentage that will be multiplied by the average of a modified change in the net position for the three preceding fiscal years. The modified change in net position for each of those three preceding fiscal years is determined by taking the actual change in net position for the year, adding back the amount disbursed as grants, and then removing any adjustment related to the impact of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*.

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

In fiscal year 2023, the Board approved increasing the REACH percentage from 60 percent to 75 percent, effective in fiscal year 2025. Amounts designated for REACH are subject to periodic review for impacts on the Authority's financial position. The Authority finances some, but not all, REACH-subsidized mortgage loans using funds available under its various bond resolutions or mortgage loan securitization programs.

#### Overview of the Financial Statements

The basic financial statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Fund Net Position, the Statements of Cash Flows, the Statements of Fiduciary Net Position, the Statements of Changes in Fiduciary Net Position, and the accompanying notes to the basic financial statements. The Authority reports all its activity as an enterprise fund, in accordance with U.S. generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). In Addition, the Commonwealth reports the Authority as a component unit in its Annual Comprehensive Financial Report.

The *Statement of Net Position* presents the Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, presented in the order of liquidity. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as net position and is classified into four components: net investment in capital assets; restricted other post-employment benefits (OPEB) asset, restricted portion of net position; and unrestricted portion of net position. Net position is considered restricted when external constraints, such as bond indentures, legal agreements, or statutes, limit its use. Over time, changes in net position can indicate whether the Authority's financial condition is improving or declining.

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* reports all revenues and expenses for the fiscal period, distinguishing between operating activities, nonoperating activities and noncapital subsidies. This statement measures the results of operations over the fiscal year and whether the Authority has been able to cover its costs through mortgage loan income, investment income, externally funded programs and other revenue sources.

The *Statement of Cash Flows* provides information regarding cash receipts and cash payments during the reporting period. It reports the net cash provided or used by operating, noncapital financing, capital financing, and investing activities, and identifies the sources and uses of cash and the change in cash and cash equivalents over the reporting period.

The *Statement of Fiduciary Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position of pension (and other employee benefit) trust funds and custodial funds for which the Authority acts as a steward. These assets and obligations do not represent resources of the Authority itself.

The *Statement of Changes in Fiduciary Net Position* reports the additions to and deductions from the pension (and other employee benefit) trust funds and custodial funds. This statement reflects the financial activity related to resources held in a fiduciary capacity and not included in the Authority's own operating activities.

The *Notes to the Basic Financial Statements* provide essential additional information and disclosures that are not presented on the face of the financial statements but are necessary for a full understanding of the Authority's financial position and operations.

Required supplementary information and other supplementary schedules follow the notes and provide further detail regarding the OPEB plan and the combining schedules of the Authority's various fund groups and types.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

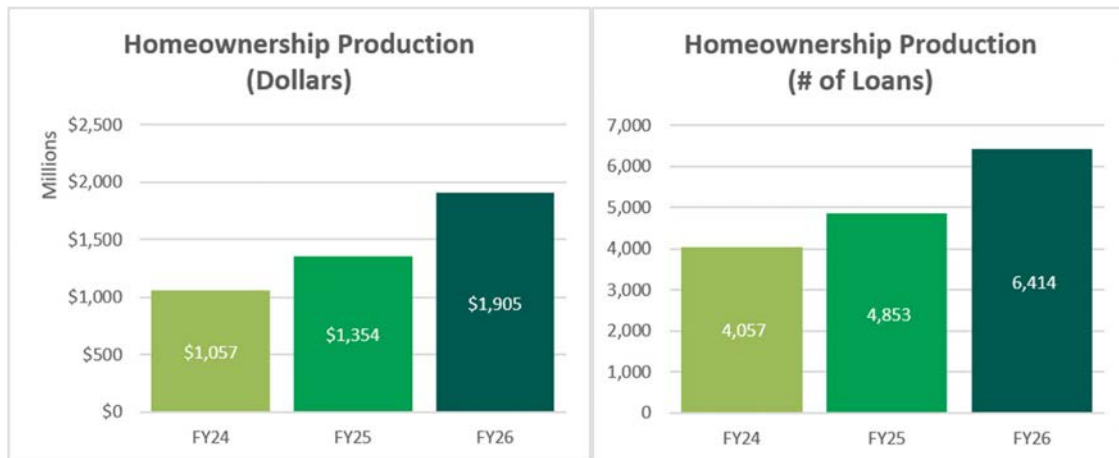
(unaudited)

June 30, 2026 and 2025

### Overview of Lending Programs

**Homeownership Program** Under its Homeownership mortgage loan program, the Authority either originates or purchases single-family residential mortgage loans from participating mortgage lenders. The Authority offers several types of federally insured loans, including Federal Housing Administration (FHA) loans, USDA Rural Housing loans, and Veterans Administration (VA) loans, financed through securitizations with GNMA MBSs, mortgage revenue bond issues, or the Authority's net position. Additionally, the Authority offers conventional mortgage loans that are financed through securitizations of FNMA or FHLMC MBSs, mortgage revenue bond issues, or the Authority's net position. Conventional or government loans financed with tax-exempt bond issuance are subject to certain income and purchase price limitations. The Authority provides second mortgages and various grants to help first-time homebuyers and other qualified borrowers with down payment and/or closing cost assistance through the REACH *Virginia* program. Once a mortgage loan is acquired, the Authority services the loan, including collecting monthly payments, processing escrow payments for taxes and insurance, and managing any delinquencies. This also includes any loans pooled and securitized into MBSs.

Despite higher interest rates and housing costs, the Authority's Homeownership loan production continued to grow with a 41% increase in fiscal year 2026 and 28% in fiscal year 2025, which is attributed to a solid demand for single-family homes in the Commonwealth that the Authority supports with its grant programs to help borrowers afford the homebuying process.



Strong production has led to growth in the loan servicing portfolio, with a 10% increase in fiscal year 2026 and a 6% increase in fiscal year 2025.



## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

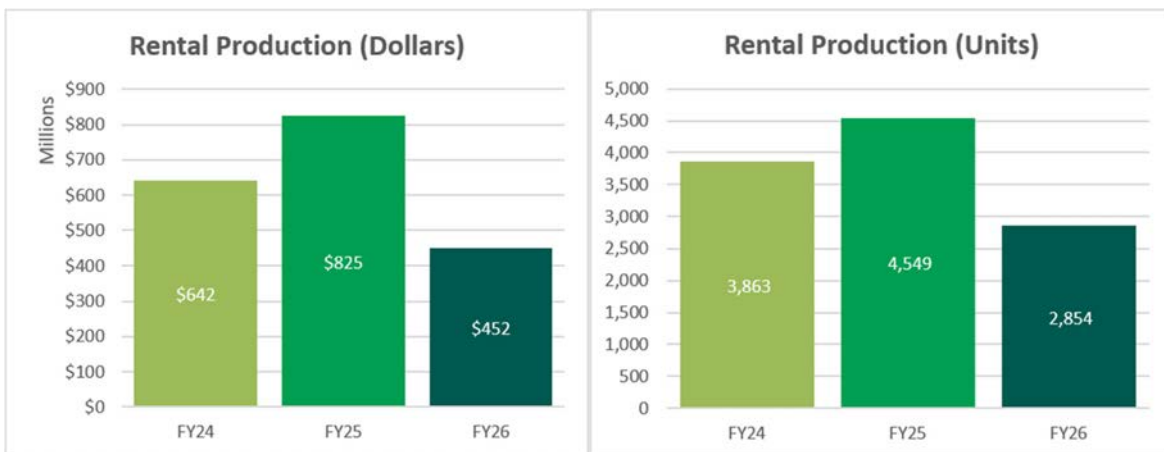
The Authority has seen a small increase in its average delinquency rate, by 0.6% in both fiscal years 2026 and 2025. Additionally, after holding steady in fiscal year 2025, the number of loans completing foreclosure sales increased from 151 to 290 in fiscal year 2026. However, the Authority has seen a 3.5% increase in the recovery rate due to strong home property values.

#### Homeownership Delinquency

| <u>Fiscal Year</u> | <u>Average Delinquency %</u> | <u>Foreclosure Sales</u> | <u>Recovery Rate</u> |
|--------------------|------------------------------|--------------------------|----------------------|
| <b>FY24</b>        | 10.3%                        | 151                      | 92.4%                |
| <b>FY25</b>        | 10.9%                        | 151                      | 92.0%                |
| <b>FY26</b>        | 11.5%                        | 290                      | 95.5%                |

**Rental Housing Program** Under its Rental Housing mortgage loan program, the Authority provides conventional loans for the construction and permanent financing of rental housing developments that are not supported by federal mortgage insurance or subsidy, with the exception of the HUD Risk-Sharing program on eight development loans, in which HUD provides limited insurance. Loans are financed with a combination of tax-exempt bonds, taxable bonds, and the Authority's net position. Many developments financed under this program are assisted by LIHTC where the Authority issues 4% and 9% federal tax credits and HOTC state tax credits. The REACH Virginia program is often used to help subsidize the interest rate provided to developers. Once a loan is originated, the Authority services the loan, including collecting monthly payments, approving construction draw requests, processing escrow payments for taxes and insurance, and managing any delinquencies.

Rental production declined 45% in fiscal year 2026 due to several factors, including higher interest rates, developers learning to apply the new 25% test to tax credit deals, and a slight decrease in the value of LIHTC due to changes in the U.S. Tax code.



## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

Since there is a delay in production becoming an active loan serviced by the Authority, solid production over the past few years has led to growth in the loan-servicing portfolio, with a 7% increase in fiscal year 2026 and a 6% increase in fiscal year 2025.



The Authority has seen a small increase in its average delinquency rate, by 0.04% in fiscal year 2026 and 0.43% in fiscal year 2025. Additionally, foreclosure sales in the Rental Program remain rare with one in fiscal year 2026, and two in fiscal year 2025.

#### Rental Housing Delinquency

| <u>Fiscal Year</u> | <u>Average Delinquency %</u> | <u>Foreclosure Sales</u> |
|--------------------|------------------------------|--------------------------|
| <b>FY24</b>        | 0.16%                        | 1                        |
| <b>FY25</b>        | 0.59%                        | 2                        |
| <b>FY26</b>        | 0.62%                        | 1                        |

#### Financial Summary

Cash balances are maintained in trustee and bank depository accounts, as well as in various investments, to support a wide range of operational and programmatic needs. These include funding the purchase of homeownership loans for MBS securitization and bond financing, disbursements for rental housing construction and permanent lending, scheduled debt service payments, early bond redemptions, required advances as a servicer of GNMA, FNMA, and FHLMC securities during forbearance or delinquency periods, REACH grant activity, and general operating expenditures. Deposits held in Virginia banking institutions are collateralized in accordance with the Virginia Security for Public Deposits Act.

The Authority's Investment Policy prioritizes liquidity and preservation of principal. To mitigate investment risk, the Authority monitors credit quality based on Moody's ratings, along with exposure to concentration and maturity risks.

To manage interest rate exposure associated with commitments to originate homeownership mortgage loans, particularly those expected to be pooled into GNMA, FNMA, or FHLMC securities, the Authority may use forward sales transactions as a hedging tool. The Authority does not engage in short sales, forward sales, or futures transactions unless a bona fide hedging purpose has been established.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

Mortgage and other loan receivables constitute the Authority's largest asset category. These loans are financed through a combination of bond and note proceeds, GNMA, FNMA, and FHLMC securitizations, HUD Risk Share and Federal Financing Bank programs, and accumulated net position. Payments received on mortgage loans are used to meet debt service obligations on outstanding bonds and mortgage-backed securities.

Outstanding bonds payable represent the Authority's most significant liability, with most issuances structured as fixed-rate obligations extending up to forty-three years. The Authority continues to maintain strong long-term credit ratings of Aa1 from Moody's for its general credit, except for the Commonwealth Mortgage Bonds resolution, which carries Aaa from Moody's.

Net position consists of net investment in capital assets, restricted other post-employment benefits (OPEB) asset, net position restricted by bond indentures, and unrestricted net position. Net investment in capital assets includes office facilities, land, equipment, and vehicles, net of related debt. The restricted OPEB asset reflects the excess of plan assets over the total OPEB liability. Net position restricted by bond indentures represents amounts held in trust for bondholders under various bond resolutions. Unrestricted net position represents resources designated for a broad range of initiatives, including administration of the HCV program, REACH initiatives, bond issue support, working capital, future operating and capital needs, and general financial support for the Authority's lending programs.

### Condensed Statements of Net Position (In Millions)

|                                                 | 2026              | 2025            | 2024            |
|-------------------------------------------------|-------------------|-----------------|-----------------|
| Cash and cash equivalents                       | \$ 1,554.3        | 1,711.9         | 1,564.1         |
| Investments                                     | 945.4             | 1,259.4         | 1,194.4         |
| Mortgage loans held for sale                    | 42.6              | 79.6            | 52.3            |
| Mortgage and other loans receivable, net        | 10,744.4          | 9,128.1         | 7,937.4         |
| Other assets                                    | 213.5             | 171.1           | 161.3           |
| <b>Total assets</b>                             | <b>13,500.2</b>   | <b>12,350.1</b> | <b>10,909.5</b> |
| <b>Deferred outflows of resources</b>           | <b>7.9</b>        | <b>6.0</b>      | <b>7.6</b>      |
| Notes and bonds payable, net                    | 9,017.6           | 7,951.1         | 6,666.2         |
| Other liabilities                               | 392.2             | 362.2           | 318.7           |
| <b>Total liabilities</b>                        | <b>9,409.8</b>    | <b>8,313.3</b>  | <b>6,984.9</b>  |
| <b>Deferred inflows of resources</b>            | <b>85.4</b>       | <b>79.7</b>     | <b>72.8</b>     |
| Invested in capital assets, net of related debt | 18.4              | 7.9             | 7.5             |
| Restricted OPEB asset                           | 22.7              | 19.7            | 12.6            |
| Restricted by bond indentures                   | 3,310.0           | 3,366.0         | 3,327.4         |
| Unrestricted                                    | 661.8             | 569.5           | 511.9           |
| <b>Net position</b>                             | <b>\$ 4,012.9</b> | <b>3,963.1</b>  | <b>3,859.4</b>  |

## **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

### **Management's Discussion and Analysis**

(unaudited)

June 30, 2026 and 2025

#### ***June 30, 2026 Compared to June 30, 2025***

Total assets increased \$1,150.1 million, or 9.3% from the prior year. Cash and cash equivalents and investments decreased by \$471.6 million, or 15.9%, from the prior year, due to the timing of mortgage loan acquisitions partially financed by bond proceeds from prior periods. Mortgage and other loans receivable, net, and mortgage loans held for sale increased by \$1,579.3 million, or 17.2%, primarily because of strong loan production, with fewer loans sold to GNMA, FNMA and FHLMC as mortgage revenue bond issuance grew to finance the loan production.

Total liabilities increased \$1,096.5 million, or 13.2% from the prior year. Notes and bonds payable increased \$1,066.5 million or 13.4%, due primarily to the return of the mortgage revenue bond program, which has led to increased bond issuance. For the year ended June 30, 2026, the Authority issued a total of \$966.0 million of Commonwealth Mortgage bonds and \$370.8 million of Rental Housing bonds. Bond principal repayments and redemptions during the year totaled \$103.4 million of the Commonwealth Mortgage Bond Group, \$3.4 million of the Homeownership Mortgage Bond Group and \$133.5 million of the Rental Housing Bond Group. Proceeds from bond issuance and from GNMA, FNMA and FHLMC mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Net position has grown to \$4,012.9 million, representing an increase in net position of \$49.8 million, and a 1.3% return over the preceding fiscal year. As of June 30, 2026, net position invested in capital assets, net of related debt, was \$18.4 million. Net position restricted by OPEB totaled \$22.7 million, an increase of \$3.0 million from the prior year. Net position restricted by bond resolutions totaled \$3,310.0 million, a decrease of \$56.0 million, or 1.7% from the prior year. Unrestricted net position totaled \$661.8 million, an increase of \$92.3 million, or 16.2%.

#### ***June 30, 2025 Compared to June 30, 2024***

Total assets increased \$1,440.6 million, or 13.2% from the prior year. Cash and cash equivalents and investments increased \$212.8 million, or 7.7% from the prior year, due to increased bond issuance and rental units under construction. Mortgage and other loans receivables, net, and mortgage loans held for sale increased by \$1,218.0 million, or 15.2%, primarily because of the return of mortgage revenue bond issuance which means fewer loans were sold to GNMA, FNMA and FHLMC to fund the homeownership loan program as well as growth in the rental loan production.

Total liabilities increased \$1,328.4 million, or 19.0% from the prior year. Notes and bonds payable increased \$1,284.9 million or 19.3%, due primarily to the return of the mortgage revenue bond program which has led to increased bond issuance. For the year ended June 30, 2025, the Authority issued a total of \$1.1 billion of Commonwealth Mortgage bonds and \$638.9 million of Rental Housing bonds. Bond principal repayments and redemptions during the year totaled \$354.8 million of the Commonwealth Mortgage Bond Group, \$3.5 million of the Homeownership Mortgage Bond Group and \$126.3 million of the Rental Housing Bond Group. Proceeds from bond issuance and from GNMA, FNMA and FHLMC mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Net position has grown to \$3,963.1 million, representing an increase in net position of \$103.7 million, and a 2.7% return over the preceding fiscal year. As of June 30, 2025, net position invested in capital assets, net of related debt, was \$7.9 million. Net position restricted by OPEB totaled \$19.7 million, an increase of \$7.1 million from the prior year. Net position restricted by bond resolutions totaled \$3,366.0 million, an increase of \$38.6 million, or 1.2% from the prior year. Unrestricted net position totaled \$569.5 million, an increase of \$57.6 million, or 11.3%.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

**Condensed Statements of Revenues, Expenses and Changes in Fund Net Position  
(In Millions)**

|                                                        | <b>2026</b>       | <b>2025</b>    | <b>2024</b>    |
|--------------------------------------------------------|-------------------|----------------|----------------|
| Operating Revenues:                                    |                   |                |                |
| Interest on mortgage and other loans                   | \$ 499.1          | 422.2          | 340.2          |
| Other operating revenues                               | 93.5              | 85.7           | 93.5           |
| <b>Total operating revenues</b>                        | <b>592.6</b>      | <b>507.9</b>   | <b>433.7</b>   |
| Operating Expenses:                                    |                   |                |                |
| Other operating expenses                               | 179.1             | 166.7          | 165.1          |
| Provision for loan losses                              | 24.7              | 9.6            | 30.2           |
| <b>Total operating expenses</b>                        | <b>203.8</b>      | <b>176.3</b>   | <b>195.3</b>   |
| <b>Operating Income</b>                                | <b>388.8</b>      | <b>331.6</b>   | <b>238.4</b>   |
| Noncapital subsidies:                                  |                   |                |                |
| Grant expenses                                         | (90.8)            | (64.6)         | (50.1)         |
| Transfers In                                           | 265.8             | 205.3          | 204.9          |
| Transfers Out                                          | (265.8)           | (205.3)        | (204.9)        |
| <b>Total noncapital subsidies</b>                      | <b>(90.8)</b>     | <b>(64.6)</b>  | <b>(50.1)</b>  |
| <b>Operating income and noncapital subsidies</b>       | <b>298.0</b>      | <b>267.0</b>   | <b>188.3</b>   |
| Other nonoperating revenues and expenses:              |                   |                |                |
| Investment income                                      | 115.2             | 133.4          | 108.3          |
| Interest expense on notes and bonds                    | (352.0)           | (285.4)        | (211.1)        |
| Pass-through grant awards                              | 113.3             | 112.1          | 170.8          |
| Pass-through grant expenses                            | (113.3)           | (112.1)        | (170.8)        |
| Other nonoperating expenses                            | (11.4)            | (11.3)         | (11.2)         |
| <b>Total other nonoperating revenues expenses, net</b> | <b>(248.2)</b>    | <b>(163.3)</b> | <b>(114.0)</b> |
| <b>Increase in fund net position</b>                   | <b>49.8</b>       | <b>103.7</b>   | <b>74.3</b>    |
| <b>Total fund net position, beginning of year</b>      | <b>3,963.1</b>    | <b>3,859.4</b> | <b>3,785.1</b> |
| <b>Total fund net position, end of year</b>            | <b>\$ 4,012.9</b> | <b>3,963.1</b> | <b>3,859.4</b> |

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Management's Discussion and Analysis

(unaudited)

June 30, 2026 and 2025

#### ***Fiscal Year 2026***

Operating revenues increased \$84.7 million or 16.7% from the prior year. The primary factor was an increase in interest on mortgage and other loans of \$76.9 million or 18.2%, resulting from growth in the mortgage loan portfolio. Operating expenses for the year increased \$27.5 million or 15.6% from the prior year. This increase was primarily due to a higher provision for loan losses, which rose by \$15.1, or 157.3%, reflecting overall loan portfolio growth and rising portfolio risk associated with higher delinquency rates and other factors. Noncapital subsidies increased \$26.2 million or 40.6% from the prior year due to greater grant disbursements from special REACH programs. Non-operating activity increased \$84.9 million or 52.0% from the prior year, driven by higher interest costs resulting from increased bond issuances of \$66.6 million, or 23.3%.

#### ***Fiscal Year 2025***

Operating revenues increased \$74.2 million or 17.1% from the prior year. The primary factor was an increase in interest on mortgages and other loans of \$82.0 million, or 24.1%, driven by growing in the mortgage loan portfolio. Operating expenses decreased \$19.0 million or 9.7% from the prior year, primarily due to a reduced provision for loan losses, which declined \$20.6 million or 68.2%. Noncapital subsidies increased by \$14.5 million, or 28.9%, from the prior year, driven by higher REACH program grant expenses. Non-operating activity increased \$49.3 million or 43.2% from the prior year, driven by higher interest costs resulting from increased bond issuances of \$74.3 million, or 35.2%.

#### **Significant Capital Assets & Long-Term Financing Activity**

The Authority has nearly completed construction of a new parking deck near its headquarters that will accommodate more than 200 cars. Once construction is finished, the Authority will begin renovations to its headquarters building to modify its layout to accommodate more associates. This will allow most associates to utilize the headquarters building and discontinue the leasing of off-site office space.

In addition to the long-term bond issuance noted above, the Authority entered into eight new subscription-based information technology arrangements (SBITAs) totaling \$4.4 million, while the terms of three arrangements expired, totaling \$6.4 million. These agreements provide the right to use various software systems, ranging from procurement systems to enterprise-wide operating platforms. In Fiscal Year 2025, a five-year lease was signed to support associates who could not be accommodated in the headquarters building, creating a \$3.4 million liability for the Authority. This lease replaced a previous agreement that had been in place for seven years.

#### **Currently Known Facts, Decisions, or Conditions**

Virginia, like most of the United States, is experiencing a severe housing affordability crisis driven by a deficit of thousands of homes. Virginians are feeling the burden of rising housing costs and are struggling to afford a home in a market marked by increasing prices and a general shortage of housing options. To address these challenges, Virginia Housing has introduced its strategic plan for the next 5 years, titled "Pathways to Housing 2030." This plan represents the organization's vision for 2030 and serves as a guide to empower and strengthen communities, enabling all residents to thrive. Virginia Housing will leverage its existing REACH program to support the plan goals.

The plan outlines three primary goals:

- Increase housing inventory through the expansion of new affordable housing opportunities.
- Increase housing affordability through the preservation of quality, affordable, and attainable housing opportunities.
- Deploying multiple strategies, housing options, and resources to support all areas of the state.

## **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

### **Management's Discussion and Analysis**

(unaudited)

June 30, 2026 and 2025

Additionally, Virginia Housing developed and awarded new Innovation Grants to support advancements in both technical and process-based solutions, with a focus on addressing the needs of low- and moderate-income households. Grant applications were evaluated not only on the proposed innovation but also on the applicant's approach to assessing their project and sharing lessons learned.

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

The Authority's main sources of revenues include mortgage loan interest, gains on sale of mortgage loans and mortgage servicing fees. The Authority's non-mortgage loan investment portfolio generally consists of marketable securities bearing short-term maturities. The one-month Daily Treasury rates have decreased to 3.70% in June 2026 from 4.28% in June 2025.

Delinquency and foreclosure rates in the homeownership loan portfolio, and to a lesser extent, the rental housing loan portfolio, are influenced by unemployment and underemployment. Virginia's seasonally adjusted unemployment rate was 3.7% and 3.5% in June 2026 and 2025, respectively. Virginia underemployment rates, which include those no longer seeking employment and those employed only part-time who desire full-time work, were 8.1% and 7.2% in the fiscal year ended June 30, 2026 and 2025, respectively.

#### **Additional Information**

Questions about this report or additional information can be obtained by visiting the Authority's website, [www.virginiahousing.com](http://www.virginiahousing.com).

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Statements of Net Position

June 30, 2026 and 2025

|                                                                                             | <u>2026</u>           | <u>2025</u>           |
|---------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                                                                               |                       |                       |
| Current assets:                                                                             |                       |                       |
| Cash and cash equivalents (note 5)                                                          | \$ 1,554,325,867      | 1,711,864,059         |
| Investments (note 5)                                                                        | 365,940,499           | 619,373,000           |
| Interest receivable – investments                                                           | 19,086,529            | 26,671,229            |
| Mortgage loans held for sale (note 1)                                                       | 42,629,113            | 79,589,598            |
| Mortgage and other loans receivable, net (note 4)                                           | 224,584,656           | 201,686,802           |
| Interest receivable – mortgage and other loans                                              | 38,384,840            | 34,296,944            |
| Other real estate owned (note 1)                                                            | 45,177,654            | 6,291,656             |
| Other assets                                                                                | 18,696,393            | 16,285,002            |
| Total current assets                                                                        | <u>2,308,825,551</u>  | <u>2,696,058,290</u>  |
| Noncurrent assets:                                                                          |                       |                       |
| Investments (note 5)                                                                        | 579,496,157           | 640,033,109           |
| Mortgage and other loans receivable, net                                                    | 10,519,810,829        | 8,926,465,350         |
| Capital assets, net (note 6)                                                                | 39,264,833            | 32,952,251            |
| Mortgage servicing rights, net (note 1)                                                     | 12,445,885            | 17,466,412            |
| Other assets                                                                                | 40,491,626            | 37,155,327            |
| Total noncurrent assets                                                                     | <u>11,191,509,330</u> | <u>9,654,072,449</u>  |
| <b>Total assets</b>                                                                         | <u>13,500,334,881</u> | <u>12,350,130,739</u> |
| <b>Deferred outflows of resources</b>                                                       |                       |                       |
| Other postemployment benefits - change in assumptions (note 16)                             | 1,035,375             | 1,374,522             |
| Other postemployment benefits - difference between expected and actual experience (note 16) | 6,824,535             | 4,655,454             |
| Total deferred outflows of resources                                                        | <u>7,859,910</u>      | <u>6,029,976</u>      |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Statements of Net Position

June 30, 2026 and 2025

|                                                                                             | <u>2026</u>             | <u>2025</u>          |
|---------------------------------------------------------------------------------------------|-------------------------|----------------------|
| <b>Liabilities</b>                                                                          |                         |                      |
| Current liabilities:                                                                        |                         |                      |
| Notes and bonds payable (note 9)                                                            | \$ 563,725,427          | 704,729,940          |
| Accrued interest payable on notes and bonds                                                 | 104,950,586             | 77,190,041           |
| Escrows (note 11)                                                                           | 61,326,696              | 50,997,689           |
| Federal grant awards held (note 1)                                                          | -                       | 1,334,590            |
| Derivative instruments (note 12)                                                            | 130,508                 | 575,152              |
| Accounts payable and other liabilities                                                      | 51,172,797              | 49,245,741           |
| Total current liabilities                                                                   | <u>781,306,014</u>      | <u>884,073,153</u>   |
| Noncurrent liabilities:                                                                     |                         |                      |
| Bonds payable, net (note 9)                                                                 | 8,453,871,076           | 7,246,362,212        |
| Project reserves (notes 11 and 17)                                                          | 124,454,999             | 127,712,700          |
| Loan participation payable to Federal Financing Bank (note 10)                              | 31,411,376              | 32,316,895           |
| Other liabilities (notes 15 and 17)                                                         | 18,805,074              | 22,862,578           |
| Total noncurrent liabilities                                                                | <u>8,628,542,525</u>    | <u>7,429,254,385</u> |
| <b>Total liabilities</b>                                                                    | <u>9,409,848,539</u>    | <u>8,313,327,538</u> |
| <b>Deferred inflows of resources</b>                                                        |                         |                      |
| Deferred fees and points on multifamily loans (note 1)                                      | 68,236,708              | 66,611,196           |
| Other postemployment benefits - change in assumptions (note 16)                             | 1,331,481               | 430,519              |
| Other postemployment benefits - difference between expected and actual experience (note 16) | 8,898,974               | 9,812,467            |
| Other postemployment benefits - difference between projected and actual earning (note 16)   | 6,938,959               | 2,873,277            |
| <b>Total deferred inflows of resources</b>                                                  | <u>85,406,122</u>       | <u>79,727,459</u>    |
| <b>Net position:</b>                                                                        |                         |                      |
| Net investment in capital assets (notes 1 and 14)                                           | 18,360,446              | 7,885,392            |
| Restricted OPEB asset (note 16)                                                             | 22,675,956              | 19,680,411           |
| Restricted by bond indentures (notes 1 and 14)                                              | 3,310,048,505           | 3,366,000,473        |
| Unrestricted (notes 1 and 14)                                                               | 661,855,223             | 569,539,442          |
| <b>Total net position</b>                                                                   | <u>\$ 4,012,940,130</u> | <u>3,963,105,718</u> |

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
**Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**June 30, 2026 and 2025**

|                                                                  | <b>2026</b>             | <b>2025</b>          |
|------------------------------------------------------------------|-------------------------|----------------------|
| <b>Operating revenues:</b>                                       |                         |                      |
| Interest on mortgage and other loans receivable                  | \$ 499,135,127          | 422,191,171          |
| Housing Choice Voucher program administrative income (note 1)    | 15,516,553              | 10,254,976           |
| Other real estate owned income                                   | 245,450                 | -                    |
| Gains and recoveries on sale of other real estate owned          | 967,428                 | 782,412              |
| Gains on sale of single family mortgage loans                    | 11,600,898              | 9,542,314            |
| Mortgage servicing fees net of guaranty fees                     | 38,001,736              | 41,263,706           |
| Tax credit program fees earned                                   | 12,883,245              | 12,034,028           |
| Other                                                            | 14,278,038              | 11,810,258           |
| Total operating revenues                                         | <u>592,628,475</u>      | <u>507,878,865</u>   |
| <b>Operating expenses:</b>                                       |                         |                      |
| Salaries and related employee benefits (notes 15 and 16)         | 86,347,198              | 86,088,065           |
| General operating expenses                                       | 41,974,948              | 38,050,034           |
| Housing Choice Voucher program expenses (note 1)                 | 10,684,070              | 7,287,445            |
| Mortgage servicing rights amortization and other servicing costs | 37,807,500              | 33,800,617           |
| Losses on other real estate owned (note 1)                       | 2,267,054               | 1,465,837            |
| Provision for loan losses (note 1)                               | 24,726,667              | 9,632,987            |
| Total operating expenses                                         | <u>203,807,437</u>      | <u>176,324,985</u>   |
| Operating income                                                 | <u>388,821,038</u>      | <u>331,553,880</u>   |
| <b>Noncapital subsidies:</b>                                     |                         |                      |
| Grant expenses                                                   | (90,807,421)            | (64,661,005)         |
| Transfers in                                                     | 265,811,432             | 205,316,375          |
| Transfers out                                                    | (265,811,432)           | (205,316,375)        |
| Total noncapital subsidies                                       | <u>(90,807,421)</u>     | <u>(64,661,005)</u>  |
| Operating income and noncapital subsidies                        | <u>298,013,617</u>      | <u>266,892,875</u>   |
| <b>Other nonoperating revenues and expenses:</b>                 |                         |                      |
| Investment earnings:                                             |                         |                      |
| Investment income (notes 1, 5, and 13)                           | 106,350,143             | 120,386,722          |
| Realized loss on investments                                     | (2,602)                 | (3,003)              |
| Unrealized gain on investments (notes 1 and 5)                   | 8,860,746               | 13,021,683           |
| Interest on notes and bonds payable                              | (352,046,512)           | (285,379,243)        |
| Bond issuance and financing expenses                             | (11,340,980)            | (11,285,034)         |
| Pass-through grant awards (note 1)                               | 113,380,151             | 112,112,431          |
| Pass-through grant expenses (note 1)                             | (113,380,151)           | (112,112,431)        |
| Total other nonoperating expenses, net                           | <u>(248,179,205)</u>    | <u>(163,258,875)</u> |
| Increase in fund net position                                    | <u>49,834,412</u>       | <u>103,634,000</u>   |
| Total fund net position, beginning of year                       | 3,963,105,718           | 3,859,471,718        |
| Total fund net position, end of year                             | <u>\$ 4,012,940,130</u> | <u>3,963,105,718</u> |

See accompanying notes to basic financial statements.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Statements of Cash Flows

June 30, 2026 and 2025

|                                                                | <u>2026</u>             | <u>2025</u>          |
|----------------------------------------------------------------|-------------------------|----------------------|
| Cash flows from operating activities:                          |                         |                      |
| Cash payments for mortgage and other loans                     | \$ (2,678,933,306)      | (1,967,523,684)      |
| Principal repayments on mortgage and other loans               | 664,061,578             | 484,691,708          |
| Sale of mortgage loans                                         | 344,234,836             | 243,171,356          |
| Interest received on mortgage and other loans                  | 493,517,540             | 414,897,781          |
| Pass-through grant awards received                             | 113,380,151             | 108,776,075          |
| Pass-through grant awards disbursed                            | (113,380,151)           | (110,975,512)        |
| Grant administrative fees received                             | -                       | 1,173,578            |
| Funds returned to the U.S. Treasury                            | (1,334,590)             | -                    |
| Housing Choice Voucher payments received                       | 16,698,185              | 9,852,997            |
| Housing Choice Voucher payments disbursed                      | (13,912,495)            | (9,698,764)          |
| Escrow and project reserve payments received                   | 340,664,841             | 333,358,787          |
| Escrow and project reserve payments disbursed                  | (333,593,537)           | (323,515,551)        |
| Other operating revenues                                       | 83,029,448              | 83,708,417           |
| Cash received for loan origination fees and loan discounts     | 14,051,849              | 14,202,243           |
| Cash paid for loan origination fees and loan premiums          | (7,436,174)             | (5,719,219)          |
| Cash payments for salaries and related benefits                | (84,869,729)            | (86,578,430)         |
| Cash payments for general operating expenses                   | (34,334,252)            | (22,297,379)         |
| Cash payments for servicing release premiums and guaranty fees | (43,092,932)            | (34,775,653)         |
| Proceeds from sale of other real estate owned                  | 26,210,834              | 10,480,961           |
| Disposition of other real estate owned property                | 245,450                 | -                    |
| Net cash used in operating activities                          | <u>(1,214,792,454)</u>  | <u>(856,770,289)</u> |
| Cash flows from noncapital financing activities:               |                         |                      |
| Proceeds from issuance of notes and bonds                      | 1,387,715,000           | 1,771,395,000        |
| Principal payments on notes and bonds                          | (321,263,483)           | (486,584,269)        |
| Principal payments on loan participation - FFB                 | (905,519)               | (869,760)            |
| Interest payments on notes and bonds                           | (324,233,135)           | (263,737,757)        |
| Cash payments for bond issuance expenses                       | (11,340,980)            | (11,285,034)         |
| Cash payments on grants                                        | (90,807,421)            | (64,661,005)         |
| Net cash provided by noncapital financing activities           | <u>639,164,462</u>      | <u>944,257,175</u>   |
| Cash flows from capital and related financing activities:      |                         |                      |
| Purchases of property, furniture, and equipment                | (11,286,054)            | (3,024,715)          |
| Lease payments                                                 | (638,206)               | (863,291)            |
| Subscription-based information technology payments             | (6,428,501)             | (6,133,863)          |
| Net cash used in capital and related financing activities      | <u>(18,352,761)</u>     | <u>(10,021,869)</u>  |
| Cash flows from investing activities:                          |                         |                      |
| Purchases of investments                                       | (361,680,296)           | (615,503,993)        |
| Proceeds from sales or maturities of investments               | 684,187,583             | 563,947,821          |
| Interest received on investments                               | 113,935,274             | 121,843,141          |
| Net cash provided by investing activities                      | <u>436,442,561</u>      | <u>70,286,969</u>    |
| Net (decrease)/increase in cash and cash equivalents           | <u>(157,538,192)</u>    | <u>147,751,986</u>   |
| Cash and cash equivalents, at beginning of year                | 1,711,864,059           | 1,564,112,073        |
| Cash and cash equivalents, at end of year                      | <u>\$ 1,554,325,867</u> | <u>1,711,864,059</u> |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Statements of Cash Flows

June 30, 2026 and 2025

|                                                                                                   | <u>2026</u>               | <u>2025</u>          |
|---------------------------------------------------------------------------------------------------|---------------------------|----------------------|
| Reconciliation of operating income to net cash used in operating activities:                      |                           |                      |
| Operating income                                                                                  | \$ 388,821,038            | 331,553,880          |
| Adjustments to reconcile operating income to net cash provided by/(used in) operating activities: |                           |                      |
| Depreciation of property, furniture, and equipment                                                | 3,220,084                 | 2,169,950            |
| Amortization of right to use asset                                                                | 6,172,251                 | 5,790,467            |
| Decrease/(increase) in mortgage loans held for sale                                               | 36,960,485                | (27,242,350)         |
| Increase in mortgage and other loans receivable                                                   | (1,636,860,125)           | (1,199,766,895)      |
| Increase in allowance for loan loss                                                               | 20,616,792                | 8,957,397            |
| Increase in interest receivable – mortgage and other loans                                        | (4,087,896)               | (5,480,643)          |
| Increase in other real estate owned                                                               | (38,885,998)              | (2,269,632)          |
| Decrease in mortgage servicing rights                                                             | 5,020,527                 | 9,134,788            |
| Increase in other assets                                                                          | (5,747,693)               | (7,148,296)          |
| (Increase)/decrease in deferred outflows of resources                                             | (1,829,936)               | 1,576,237            |
| Increase in deferred inflows of resources                                                         | 5,678,663                 | 6,915,770            |
| Decrease in Federal funds held                                                                    | (1,334,590)               | (3,336,356)          |
| Increase in accounts payable and other liabilities                                                | 380,176                   | 12,499,578           |
| Increase in escrows and project reserves                                                          | 7,083,768                 | 9,875,816            |
| Net cash used in operating activities                                                             | \$ <u>(1,214,792,454)</u> | <u>(856,770,289)</u> |
| Supplemental disclosure of noncash activity:                                                      |                           |                      |
| Increase in other real estate owned as a result of loan foreclosures                              | \$ 30,267,401             | 12,169,872           |

See accompanying notes to the financial statements.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Statements of Fiduciary Net Position

### Fiduciary Funds

June 30, 2026 and 2025

|                                                      | 2026                         |                    | 2025                         |                    |
|------------------------------------------------------|------------------------------|--------------------|------------------------------|--------------------|
|                                                      | Retiree Health<br>Care Plan* | Custodial<br>Funds | Retiree Health<br>Care Plan* | Custodial<br>Funds |
| <b>ASSETS</b>                                        |                              |                    |                              |                    |
| Current assets:                                      |                              |                    |                              |                    |
| Cash and cash equivalents                            | \$ 5,089                     | 111,127,433        | 4,204                        | 91,723,613         |
| Interest receivable - investments                    | -                            | 152,781            | -                            | 151,685            |
| Interest receivable - mortgage and other loans       | -                            | 242,994            | -                            | 195,150            |
| Other assets                                         | -                            | 212                | -                            | 213                |
| Total current assets                                 | 5,089                        | 111,523,420        | 4,204                        | 92,070,661         |
| Noncurrent assets:                                   |                              |                    |                              |                    |
| Mortgage and other loans receivable                  | -                            | 1,631,558          | -                            | 1,654,120          |
| Investments                                          | 75,547,182                   | -                  | 66,569,027                   | -                  |
| Total noncurrent assets                              | 75,547,182                   | 1,631,558          | 66,569,027                   | 1,654,120          |
| Total assets                                         | 75,552,271                   | 113,154,978        | 66,573,231                   | 93,724,781         |
| <b>LIABILITIES</b>                                   |                              |                    |                              |                    |
| Accounts payable                                     | 1,159,672                    | -                  | 1,031,407                    | -                  |
| Other liabilities                                    | -                            | 17,347,513         | -                            | 9,720,031          |
| Total liabilities                                    | 1,159,672                    | 17,347,513         | 1,031,407                    | 9,720,031          |
| <b>NET POSITION</b>                                  |                              |                    |                              |                    |
| Restricted for:                                      |                              |                    |                              |                    |
| Other postemployment benefit plan other than pension | 74,392,599                   | -                  | 65,541,824                   | -                  |
| Funds held in escrow                                 | -                            | 89,301,420         | -                            | 78,005,910         |
| Other governmental agency                            | -                            | 6,506,045          | -                            | 5,998,840          |
| Total Net Position                                   | \$ 74,392,599                | 95,807,465         | 65,541,824                   | 84,004,750         |

\*December 31, 2025 and 2024 year-end, see note 16  
See accompanying notes to the financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
**Statements of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Years ended June 30, 2026 and 2025**

|                                                | <b>2026</b>                          |                            | <b>2025</b>                          |                            |
|------------------------------------------------|--------------------------------------|----------------------------|--------------------------------------|----------------------------|
|                                                | <b>Retiree Health<br/>Care Plan*</b> | <b>Custodial<br/>Funds</b> | <b>Retiree Health<br/>Care Plan*</b> | <b>Custodial<br/>Funds</b> |
| <b>ADDITIONS</b>                               |                                      |                            |                                      |                            |
| Contribution:                                  |                                      |                            |                                      |                            |
| Borrower payments                              | \$ -                                 | 1,790,087,128              | -                                    | 1,754,587,838              |
| Employers                                      | 659,682                              | -                          | 1,686,116                            | -                          |
| Total Contributions                            | <u>659,682</u>                       | <u>1,790,087,128</u>       | <u>1,686,116</u>                     | <u>1,754,587,838</u>       |
| Investment earnings:                           |                                      |                            |                                      |                            |
| Net increase in fair value of investments      | 2,125,583                            | -                          | 1,383,481                            | -                          |
| Interest, dividends, and other                 | 1,811,616                            | 3,058,857                  | 1,719,457                            | 2,733,191                  |
| Securities lending income gain on sales        | 5,613,248                            | -                          | 4,516,416                            | -                          |
| Total investment earnings                      | <u>9,550,447</u>                     | <u>3,058,857</u>           | <u>7,619,354</u>                     | <u>2,733,191</u>           |
| Total additions                                | <u>10,210,129</u>                    | <u>1,793,145,985</u>       | <u>9,305,470</u>                     | <u>1,757,321,029</u>       |
| <b>DEDUCTIONS</b>                              |                                      |                            |                                      |                            |
| Benefits paid to participants or beneficiaries | 1,159,672                            | -                          | 1,031,407                            | -                          |
| Other governmental agency                      | -                                    | 2,551,652                  | -                                    | 1,961,323                  |
| Disbursement of escrow funds                   | -                                    | 1,778,791,618              | -                                    | 1,734,773,615              |
| Disbursements to DHCD                          | -                                    | -                          | -                                    | 500,000                    |
| Administrative expense                         | 199,682                              | -                          | 186,116                              | 23,750                     |
| Total deductions                               | <u>1,359,354</u>                     | <u>1,781,343,270</u>       | <u>1,217,523</u>                     | <u>1,737,258,688</u>       |
| Net increase in fiduciary net position         | 8,850,775                            | 11,802,715                 | 8,087,947                            | 20,062,341                 |
| Net position - beginning of year               | 65,541,824                           | 84,004,750                 | 57,453,877                           | 63,942,409                 |
| Net position - end of year                     | <u>\$ 74,392,599</u>                 | <u>95,807,465</u>          | <u>65,541,824</u>                    | <u>84,004,750</u>          |

\*December 31, 2025 and 2024 year-end, see note 16  
See accompanying notes to the financial statements.

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

June 30, 2026 and 2025

### **(1) Organization and Summary of Significant Accounting Policies**

#### **(a) Organization**

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

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

#### **(b) Measurement Focus and Basis of Accounting**

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

#### **(c) Use of Estimates**

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

#### **(d) Fair Value Hierarchy**

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

The levels of the hierarchy are defined as follows:

- Level 1 - Valuation is based on quoted prices (unadjusted) for identical assets in an active market.
- Level 2 - Valuation is based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and assets valued based on observable market data and market-corroborated inputs for similar instruments.

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

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- Level 3 - Valuation is based upon various techniques that use assumptions that are not observable in the market and are significant to the fair value measurement.

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

**(e) Investments**

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

**(f) Derivative Instruments**

Forward sales securities commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2026, the Authority had outstanding 38 forward sales transactions with a \$80.6 million book value with four counterparties with concentrations and ratings (Moody's Investors Service) as shown in Note 12. At June 30, 2025, the Authority had outstanding 38 forward sales transactions with a \$119.4 million book value with four counterparties with concentrations and ratings (Moody's Investors Service). The 2026 forward sales contracts will settle by August 20, 2026. These contracts are treated as investments in derivative instruments and the change in fair value is reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position as unrealized gain (loss) on investments.

**(g) Mortgage Loans Held for Sale**

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

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

**(h) Mortgage and Other Loans Receivable**

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

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

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

**(i) Allowance for Loan Losses**

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

The allowance for loan losses increased by \$20,616,792 for the year ended June 30, 2026, and increased by \$8,957,397 for the year ended June 30, 2025.

|                               |    | <b>Year ended June 30</b> |                           |
|-------------------------------|----|---------------------------|---------------------------|
|                               |    | <b>2026</b>               | <b>2025</b>               |
| Beginning balance, July 1     | \$ | 152,080,775               | 143,123,378               |
| Provision:                    |    |                           |                           |
| Homeownership                 |    | 3,677,371                 | 6,183,594                 |
| Rental Housing                |    | 21,049,296                | 3,449,393                 |
| Provision                     |    | <u>24,726,667</u>         | <u>9,632,987</u>          |
| Net (charge-offs)/recoveries: |    |                           |                           |
| Homeownership                 |    | (1,451,824)               | (675,590)                 |
| Rental Housing                |    | (2,658,051)               | -                         |
| Net charge-offs               |    | <u>(4,109,875)</u>        | <u>(675,590)</u>          |
| Net change                    |    | <u>20,616,792</u>         | <u>8,957,397</u>          |
| Ending balance, June 30       | \$ | <u><u>172,697,567</u></u> | <u><u>152,080,775</u></u> |

**(j) Mortgage servicing rights**

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

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

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**(k) Other Real Estate Owned**

Other real estate owned represents current investments in homeownership dwellings and rental housing developments, acquired primarily through foreclosure, and is stated at the lower of cost or fair value less estimated disposal costs. On a non-recurring basis, fair values of the real properties are assessed by comparing them to similar properties. The Authority's portfolio of real estate owned is classified as a Level 2 in the fair value hierarchy. Gains and losses from the disposition of other real estate owned are reported separately in the Statements of Revenues, Expenses, and Changes in Fund Net Position.

**(l) Capital Assets**

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

**(m) Leases and Subscription-Based Information Technology Arrangements**

On August 26, 2024, the Authority entered into a lease agreement for office space commencing on April 1<sup>st</sup>, 2025. This lease replaces the existing office space lease that expired on September 8, 2025. The lease asset is reported as a capital asset, net of accumulated amortization, and has a current and non-current lease liability. Both the lease asset and lease liability are reported in the Statement of Net Position. Leasehold improvements are capitalized and amortized over the remaining life of the lease term. Further disclosure for the building lease is discussed in Note 8.

Subscription-Based Information Technology Arrangements (SBITA) are contracts that grant the Authority non-cancellable rights to use another party's software. These arrangements are recorded as a subscription asset with a corresponding subscription liability. The asset, which may include eligible implementation costs, is amortized over the subscription term once placed into service. The liability is measured at the present value of expected subscription payments, with the current portion reported in Accounts Payable and other current liabilities and the remainder as a noncurrent other liability. Additional information is provided in Note 7. The Authority has established a materiality threshold of \$15,000 for identifying arrangements with financial impact.

**(n) Bond Issuance Expense**

Bond issuance costs are expensed in the period incurred.

**(o) Notes and Bonds Payable**

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

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

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**(p) Retirement Plans and Other Postemployment Benefit Plans**

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

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. For purposes of measuring the net OPEB liability (asset), deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

**(q) Compensated Absences**

Authority employees may accumulate unused vacation, sick, or other types of leave, subject to certain limitations, as services are provided. A liability for compensated absences is recorded for leave attributable to services already rendered that has not been used, accumulates, and is more likely than not to be taken or otherwise paid in cash upon retirement, termination, or death.

**(r) Related Party Transactions**

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

**(s) Pass-Through Revenues and Expenses**

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

The Authority serves as an administrator for the U.S. Department of Housing and Urban Development's (HUD) Section 8 Housing Choice Voucher program, consisting of the voucher program as well as other tenant-based assistance programs. The Authority requisitions Section 8 funds, makes disbursements of funds to eligible participants, and recognizes administrative fee income. Program income and program expenses that are recognized as pass-through grants based upon the amount of allowable Housing Assistance Payments (HAP) disbursements totaled \$113,380,151 and \$109,963,261 during the years ended June 30, 2026, and 2025, respectively

Excess HAP or administrative funds disbursed to the Authority were recorded as a liability in the Statements of Net Position. The cumulative excess of HAP funds totaled \$1,808,579 and \$149,729 as of June 30, 2026, and 2025, respectively. Cumulative excess administrative funds totaled \$6,665,427 and \$5,011,222 as of June 30, 2026, and 2025, respectively. HUD monitors the utilization of these excess funds and adjusts funding levels prospectively to ensure all funds are being used to serve families up to the maximum number of vouchers authorized for the program.

## **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

### **Notes to Basic Financial Statements**

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

The Authority serves as an administrator for HUD-approved Housing Counseling Agencies in the Commonwealth. The Housing Counseling Assistance Program provides counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The Authority did not have pass-through grants as of June 30, 2026. As of June 30, 2025, the Authority had a pass-through grant of \$1,017,885.

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

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

In August of 2025, the Authority concluded the Homeowner Assistance Fund. The Authority did not disburse any Homeowner Assistance Fund grants or earn any administrative fees during the year ended June 30, 2026. During the year ended June 30, 2025, the Authority disbursed Homeowner Assistance Fund grants of \$1,131,285. For its support of the program, the Authority earned \$1,173,578 in administrative fees during the year ended June 30, 2025.

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

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

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

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

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

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

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**(u) Cash and Cash Equivalents**

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

**(v) Rebatable Arbitrage**

Rebatable arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the debt. This results in investment income in excess of interest costs. Federal law requires such income to be rebated to the U.S. government if the yield from these earnings exceeds the effective yield on the related tax-exempt debt issued. Arbitrage must be calculated, reported, and paid every five years or at maturity of the debt, whichever is earlier. For financial reporting purposes, the potential liability is calculated annually, see Note 13.

**(w) Statements of Net Position**

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

**(x) Operating, Noncapital Subsidies and Nonoperating Revenues and Expenses**

The Governmental Accounting Standards Board (GASB) issued Statement No. 103, Financial Reporting Model Improvements, which defines operating revenues and expenses as all revenues and expenses other than those classified as nonoperating. Nonoperating revenues and expenses include subsidies received and provided, revenues and expenses related to financing activities, resources from the disposal of capital assets, and investment income and expenses.

Noncapital subsidies include resources received from or provided to another party or fund for which the Authority or other party does not provide goods or services, and that directly or indirectly keep the Authority's or other party's current or future fees and charges lower than they would otherwise be, as well as all other transfers.

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

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

**(z) Deferred Fees and Points on Multifamily Loans**

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

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Notes to Basic Financial Statements

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**(aa) Federal Grant Awards Held**

Since fiscal year 2021, the Authority has held federally awarded funds to support three specific programs: the Emergency Rental Assistance program, the Coronavirus Relief Fund program, and the Homeowner Assistance Fund program. As of June 30, 2026, all federally awarded funds on these programs were either disbursed or returned to the U.S. Treasury.

**(bb) REACH and Grant Expenses**

The Authority developed the Resources Enabling Affordable Community Housing (REACH) *Virginia* program to use internally generated funds to provide grants and subsidize mortgage loans to assist the elderly, disabled, homeless, and other low-income persons and increase affordable housing opportunities in the Commonwealth. The amount of REACH *Virginia* the Authority commits is based on the average of the Authority's change in net position, as unadjusted for the effect of Governmental Accounting Standards Board (GASB) No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, for the preceding three fiscal years then the amount disbursed as grants is added back with the result then being multiplied by a Board approved percentage currently set at 75%. The amount made available to the REACH *Virginia* initiative is subject to periodic review by the Authority depending on the impact on its financial position. The Authority had outstanding REACH *Virginia* grant commitments of \$49.0 million and \$65.8 million as of June 30, 2026, and June 30, 2025, respectively.

The Authority provides several different types of grants, which are reflected on the financial statements as noncapital subsidies and include but are not limited to, down payment assistance grants, accessibility grants, network capacity support grants, and community market support grants. Most of these grants are conditional and are only paid based on a loan closing or for reimbursement for a supportive housing expense incurred by a grantee. In fiscal year 2026, the Authority had grant expenses of \$90.8 million. In fiscal year 2025, the Authority had grant expenses of \$64.7 million.

**(cc) Reclassifications**

The Authority adopted the Governmental Accounting Standards Board (GASB) Statement No. 103, Financial Reporting Model Improvements, effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, and applied it to the financial statements for all periods presented. GASB No. 103 requires a new format for presenting information in the Management Discussion and Analysis section and in the Statements of Revenues, Expenses, and Changes in Fund Net Position.

The result is that Investment earnings, interest on notes and bonds payable, bond issuance, and financing expenses have all been relocated to the nonoperating revenues (expenses) section of the Statements of Revenues, Expenses, and Changes in Fund Net Position. Additionally, a new section for noncapital subsidies has been added, which includes grant expenses and transfers in and out. This change will also be applied to the Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position for June 30, 2026, and June 30, 2025.

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

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### **(2) Basis of Presentation**

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

#### **(a) General Operating Accounts**

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

#### **(b) Rental Housing Bond Group**

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

#### **(c) Commonwealth Mortgage Bond Group**

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

#### **(d) Homeownership Mortgage Bond Group**

The Homeownership Mortgage Bond group was established to encompass the Authority's participation in the U.S. Department of the Treasury's New Issue Bond Program, which was created to assist state and local housing finance agencies in acquiring cost-effective mortgage loan capital. The proceeds of Homeownership Mortgage Bonds are used to purchase or make long-term mortgage loans to owner-occupants of homeownership dwellings.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

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### (3) Restricted Assets

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

Restricted assets as of June 30, 2026, and 2025 were as follows:

|                                                | <b>June 30</b>           |                       |
|------------------------------------------------|--------------------------|-----------------------|
|                                                | <b>2026</b>              | <b>2025</b>           |
| Restricted current assets:                     |                          |                       |
| Cash and cash equivalents                      | \$ 1,382,134,844         | 1,566,266,695         |
| Investments                                    | 330,453,495              | 573,036,451           |
| Interest receivable – investments              | 16,069,548               | 22,483,454            |
| Mortgage loans held for sale                   | 42,629,113               | 79,589,598            |
| Mortgage and other loans receivable            | 211,446,197              | 190,028,138           |
| Interest receivable – mortgage and other loans | 37,371,720               | 33,283,215            |
| Other real estate owned                        | 37,726,548               | 864,715               |
| Other assets                                   | 637,883                  | 1,800,795             |
| Total restricted current assets                | <u>2,058,469,348</u>     | <u>2,467,353,061</u>  |
| Restricted noncurrent assets:                  |                          |                       |
| Investments                                    | 578,506,430              | 626,763,063           |
| Mortgage and other loans receivable, net       | 10,031,266,155           | 8,505,236,328         |
| Net OPEB asset                                 | 22,675,956               | 19,680,411            |
| Capital assets, net                            | 4,833,286                | 5,529,720             |
| Total restricted noncurrent assets             | <u>10,637,281,827</u>    | <u>9,157,209,522</u>  |
| Total restricted assets                        | <u>\$ 12,695,751,175</u> | <u>11,624,562,583</u> |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

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### (4) Mortgage and Other Loans Receivable

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

| Loan program/bond group           | Interest rates | Initial loan terms    |
|-----------------------------------|----------------|-----------------------|
| General Operating Accounts        | 0% to 8.75%    | Thirty to forty years |
| Rental Housing Bond Group         | 0% to 9.51%    | Thirty to forty years |
| Commonwealth Mortgage Bond Group  | 0% to 9.38%    | Thirty years          |
| Homeownership Mortgage Bond Group | 2.00% to 5.63% | Thirty years          |

Commitments to fund new loans were as follows:

|                                  | June 30,<br>2026 | June 30,<br>2025 |
|----------------------------------|------------------|------------------|
| Rental Housing Bond Group        | \$ 892,182,394   | 1,061,132,576    |
| Commonwealth Mortgage Bond Group | 354,166,722      | 357,703,668      |
| Total                            | \$ 1,246,349,116 | 1,418,836,244    |

### (5) Cash, Cash Equivalents, and Investments

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At June 30, 2026 and 2025, the carrying amount of the Authority's deposits was \$115,674,147 and \$78,886,066, respectively. The associated bank balance of the Authority's deposits was \$109,246,560 and \$73,464,606 at June 30, 2026, and 2025, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from the date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency-mortgage-backed securities, money market securities, and other interest-bearing securities held at the FHLB Atlanta. At June 30, 2026 and 2025, total cash equivalents were \$1,438,651,720 and \$1,632,977,993, respectively.

Investments made by the Authority are governed by the Virginia Housing Development Authority Act and the Investment of Public Funds Act of the Code of Virginia. Additionally, for assets or monies pledged to the bond resolutions, there are various investment provisions contained in the bond resolutions that affect invested bond proceeds. Within this permitted statutory and bond resolution framework, the Authority's investment policy is to fully invest all monies in a prudent manner that will maintain the Authority's liquidity and maximize return while preserving the capital to enable the Authority to fulfill its financial commitments. The types of investments approved within the statutes and resolutions include but are not limited to direct obligations of the U.S. government, direct obligations of any state or political subdivision of the U.S. government, obligations unconditionally guaranteed by the U.S. government or other political subdivisions, bonds, debentures, certificates of deposit, repurchase agreements, swap contracts, futures contracts, and forward contracts. No more than 3.0% of the Authority's total assets may be invested in any one entity, excluding obligations issued or guaranteed by the U.S. government and repurchase agreement transactions. However, repurchase agreements cannot be more than 10% of the Authority's total assets and must mature in less than one month. Such agreements must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

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

**(a) Interest Rate Risk**

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

As of June 30, 2026, the Authority had the following investments (including cash equivalents) and maturities:

| Investment type                     | Less than<br>1 year | 1-5<br>years | 6-10<br>years | Over 10<br>years | Total         |
|-------------------------------------|---------------------|--------------|---------------|------------------|---------------|
| U.S. government and agency          | \$ 1,588,929,114    | -            | -             | -                | 1,588,929,114 |
| Repurchase agreements               | 50,000,000          | -            | -             | -                | 50,000,000    |
| Asset-backed securities             | -                   | -            | 46,891        | 942,836          | 989,727       |
| Collateralized mortgage obligations | -                   | -            | -             | 21,853,704       | 21,853,704    |
| Agency-mortgage backed securities   | -                   | 77,370       | 5,400,655     | 551,174,701      | 556,652,726   |
| Money market securities             | 165,663,105         | -            | -             | -                | 165,663,105   |
| Total investments                   | \$ 1,804,592,219    | 77,370       | 5,447,546     | 573,971,241      | 2,384,088,376 |

As of June 30, 2025, the Authority had the following investments (including cash equivalents but excludes equity investments) and maturities:

| Investment type                     | Less than 1<br>year | 1-5<br>years | 6-10<br>years | Over 10<br>years | Total         |
|-------------------------------------|---------------------|--------------|---------------|------------------|---------------|
| U.S. government and agency          | \$ 2,099,869,471    | -            | -             | -                | 2,099,869,471 |
| Repurchase agreements               | 100,000,000         | -            | -             | -                | 100,000,000   |
| Asset-backed securities             | -                   | -            | 45,709        | 1,056,222        | 1,101,931     |
| Collateralized mortgage obligations | -                   | -            | -             | 22,376,056       | 22,376,056    |
| Agency-mortgage backed securities   | -                   | 141,019      | 2,076,684     | 614,337,419      | 616,555,122   |
| Money market securities             | 52,481,522          | -            | -             | -                | 52,481,522    |
| Total investments                   | \$ 2,252,350,993    | 141,019      | 2,122,393     | 637,769,697      | 2,892,384,102 |

The Authority extended a pledge and security agreement with FNMA that requires the Authority to post collateral to secure its repurchase obligations with respect to the HFA Preferred Risk Sharing mortgage loans during the recourse period. The required collateral amount was \$0.5 million and \$1.8 million as of February 28, 2026, and March 31, 2025, respectively. To comply with the collateral requirement, the Authority elected to pledge agency mortgage-backed securities valued at \$3.2 million and \$18.2 million, held in trust by a custodian agent for FNMA as of February 28, 2026, and March 31, 2025, respectively.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

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### (b) Credit Risk

Credit risk is the risk that an issuer or other counterparties to an investment will not fulfill its obligations. The Authority places emphasis on securities of high credit quality and marketability. The following table presents investment (including cash equivalents) exposure to credit risk by investment type as of June 30, 2026:

|                                    | <u>Amount</u>           | <u>Moody's<br/>rating</u> | <u>Percentage of<br/>total<br/>investments</u> |
|------------------------------------|-------------------------|---------------------------|------------------------------------------------|
| US Government & Agency             | \$ 1,588,929,114        | P-1/Aa1                   | 66.65 %                                        |
| Agency-Mortgage Backed Securities  | 556,652,726             | Aa1                       | 23.34                                          |
| Money Market Securities            | 161,296,818             | P-1                       | 6.76                                           |
| Repurchase Agreements              | 50,000,000              | NR                        | 2.09                                           |
| Collateralized Mortgage Obligation | 21,853,704              | Aa1                       | 0.92                                           |
| Money Market Securities            | 4,000,000               | NR                        | 0.17                                           |
| Asset-Backed Securities            | 942,836                 | Caa1/Caa2                 | 0.04                                           |
| Money Market Securities            | 366,287                 | Aaa-mf                    | 0.02                                           |
| Asset-Backed Securities            | 46,891                  | WR                        | 0.01                                           |
| Total investments                  | <u>\$ 2,384,088,376</u> |                           | <u>100.00 %</u>                                |

The following table presents investment (including cash equivalents but excluding equity investments) exposure to credit risk by investment type as of June 30, 2025:

|                                    | <u>Amount</u>           | <u>Moody's<br/>rating</u> | <u>Percentage of<br/>total<br/>investments</u> |
|------------------------------------|-------------------------|---------------------------|------------------------------------------------|
| US Government & Agency             | \$ 2,099,869,471        | P-1/Aa1                   | 72.60 %                                        |
| Agency-Mortgage Backed Securities  | 616,555,122             | Aaa                       | 21.31                                          |
| Repurchase Agreements              | 100,000,000             | Baa2/BBB-                 | 3.46                                           |
| Money Market Securities            | 48,115,235              | P-1                       | 1.66                                           |
| Collateralized Mortgage Obligation | 22,376,056              | Aaa                       | 0.77                                           |
| Money Market Securities            | 4,000,000               | NR                        | 0.14                                           |
| Asset-Backed Securities            | 1,006,355               | Caa1/Caa2                 | 0.04                                           |
| Money Market Securities            | 366,287                 | Aaa-mf                    | 0.01                                           |
| Asset-Backed Securities            | 95,576                  | WR                        | 0.01                                           |
| Total investments                  | <u>\$ 2,892,384,102</u> |                           | <u>100.00 %</u>                                |

### (c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to investments held by a single issuer. The Authority only makes large investments with issuers who are either insured by the government, have strong credit ratings or who post collateral. The Authority had the following issuers that represent 5% or more of the total investments as of June 30, 2026 and 2025:

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## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Investment                        | Moody's rating | June 30, 2026  |                                 |
|-----------------------------------|----------------|----------------|---------------------------------|
|                                   |                | Amount         | Percentage of total investments |
| Agency-Mortgage Backed Securities |                |                |                                 |
| GNMA                              | Aa1            | \$ 468,813,183 | 19.7%                           |
| FNMA                              | Aa1            | 87,839,543     | 3.7%                            |
| Repurchase Agreements             |                |                |                                 |
| Cantor Fitzgerald                 | NR             | 50,000,000     | 2.1%                            |
| Money Market Securities           |                |                |                                 |
| US Bank Commercial Paper          | P-1            | 165,663,105    | 6.9%                            |
|                                   |                | \$ 772,315,831 | 32.4%                           |

| Investment                        | Moody's<br>rating | June 30, 2025  |                                       |
|-----------------------------------|-------------------|----------------|---------------------------------------|
|                                   |                   | Amount         | Percentage of<br>total<br>investments |
| Agency-Mortgage Backed Securities |                   |                |                                       |
| GNMA                              | Aaa               | \$ 522,017,977 | 18.0%                                 |
| FNMA                              | Aaa               | 94,537,145     | 3.3%                                  |
| Repurchase Agreements             |                   |                |                                       |
| Cantor Fitzgerald                 | BBB-              | 50,000,000     | 1.7%                                  |
| Jefferies                         | Baa2              | 50,000,000     | 1.7%                                  |
| Money Market Securities           |                   |                |                                       |
| US Bank Commercial Paper          | P-1               | 48,115,235     | 1.7%                                  |
|                                   |                   | \$ 764,670,357 | 26.4%                                 |

**(d) Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of its investment of collateral securities that are in the possession of an outside party. For deposits, custodial credit risk refers to the risk that, in the event of a failure of a depository financial institution, the Authority may not be able to recover its deposits. The Authority's deposits are insured by the federal depository insurance or collateralized under the provisions of the Virginia Security for Public Deposits Act. For investments, custodial risk is the risk that, in the event of a failure of a counterparty, the Authority will not be able to recover the value of its investments. The Authority's market value of securities that were uninsured and held by a counterparty at June 30, 2026 and 2025:

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Investment                                      | Amount as of<br>June 30, 2026 | Amount as of<br>June 30, 2025 |
|-------------------------------------------------|-------------------------------|-------------------------------|
| Asset Backed Securities - Held by US Bank       | \$ 989,727                    | 1,101,931                     |
| Money Market Securities - Held by Broker-Dealer | 165,663,105                   | 52,481,522                    |
|                                                 | <u>\$ 166,652,832</u>         | <u>53,583,453</u>             |

**(e) Fair Value Hierarchy**

As of June 30, 2026, the Authority had the following investments, excluding cash equivalents valued at cost, measured at fair value on a recurring basis using the following fair value hierarchy categories:

| Investment type                     | June 30, 2026         | Fair value measurement using                                            |                                                           |                                                    |
|-------------------------------------|-----------------------|-------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                     |                       | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant<br>other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| Agency-mortgage backed securities   | \$ 556,652,726        | -                                                                       | 556,652,726                                               | -                                                  |
| Asset-backed securities             | 989,727               | -                                                                       | 989,727                                                   | -                                                  |
| Collateralized mortgage obligations | 21,853,704            | -                                                                       | 21,853,704                                                | -                                                  |
| Total investments                   | <u>\$ 579,496,157</u> | <u>-</u>                                                                | <u>579,496,157</u>                                        | <u>-</u>                                           |

As of June 30, 2025, the Authority had the following investments (excluding cash equivalents but excluding equity investments) measured using the following fair value hierarchy categories:

| Investment type                     | June 30, 2025         | Fair value measurement using                                            |                                                           |                                                    |
|-------------------------------------|-----------------------|-------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
|                                     |                       | Quoted prices in<br>active markets for<br>identical assets<br>(Level 1) | Significant<br>other<br>observable<br>inputs<br>(Level 2) | Significant<br>unobservable<br>inputs<br>(Level 3) |
| Agency-mortgage backed securities   | \$ 616,555,122        | -                                                                       | 616,555,122                                               | -                                                  |
| Asset-backed securities             | 1,101,931             | -                                                                       | 1,101,931                                                 | -                                                  |
| Collateralized mortgage obligations | 22,376,056            | -                                                                       | 22,376,056                                                | -                                                  |
| Total investments                   | <u>\$ 640,033,109</u> | <u>-</u>                                                                | <u>640,033,109</u>                                        | <u>-</u>                                           |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

### (6) Capital Assets

Activity in the capital assets' accounts for the year ended June 30, 2026, was as follows:

|                                       | Balance<br>June 30,<br>2025 | Additions          | Disposals           | Transfers          | Balance<br>June 30,<br>2026 |
|---------------------------------------|-----------------------------|--------------------|---------------------|--------------------|-----------------------------|
| <b>Nondepreciable capital assets:</b> |                             |                    |                     |                    |                             |
| Land                                  | \$ 2,935,815                | -                  | -                   | -                  | 2,935,815                   |
| Construction in process               | 2,173,718                   | 11,002,951         | -                   | (2,040,874)        | 11,135,795                  |
| Total nondepreciable capital assets:  | <u>5,109,533</u>            | <u>11,002,951</u>  | <u>-</u>            | <u>(2,040,874)</u> | <u>14,071,610</u>           |
| <b>Depreciable capital assets:</b>    |                             |                    |                     |                    |                             |
| Building                              | 38,428,721                  | -                  | -                   | 255,804            | 38,684,525                  |
| Leased Building                       | 8,486,341                   | 239,353            | (5,108,970)         | -                  | 3,616,724                   |
| Subscription assets                   | 31,066,741                  | 4,427,611          | (6,373,291)         | -                  | 29,121,061                  |
| Furniture and equipment               | 18,327,079                  | -                  | (6,071,217)         | 1,785,070          | 14,040,932                  |
| Motor vehicles                        | 780,587                     | 43,750             | (21,481)            | -                  | 802,856                     |
| Total depreciable capital assets:     | <u>97,089,469</u>           | <u>4,710,714</u>   | <u>(17,574,959)</u> | <u>2,040,874</u>   | <u>86,266,098</u>           |
| <b>Less accumulated depreciation:</b> |                             |                    |                     |                    |                             |
| Building                              | 30,751,034                  | 1,185,807          | -                   | -                  | 31,936,841                  |
| Leased Building                       | 5,148,872                   | 812,103            | (5,108,970)         | -                  | 852,005                     |
| Subscription assets                   | 15,554,227                  | 6,172,251          | (6,373,291)         | -                  | 15,353,187                  |
| Furniture and equipment               | 17,131,678                  | 1,145,561          | (6,062,470)         | -                  | 12,214,769                  |
| Motor vehicles                        | 660,940                     | 76,614             | (21,481)            | -                  | 716,073                     |
| Total accumulated depreciation        | <u>69,246,751</u>           | <u>9,392,336</u>   | <u>(17,566,212)</u> | <u>-</u>           | <u>61,072,875</u>           |
| Total depreciable capital assets, net | <u>27,842,718</u>           | <u>(4,681,622)</u> | <u>(8,747)</u>      | <u>2,040,874</u>   | <u>25,193,223</u>           |
| Total capital assets, net             | <u>\$ 32,952,251</u>        | <u>6,321,329</u>   | <u>(8,747)</u>      | <u>-</u>           | <u>39,264,833</u>           |

Activity in the capital assets' accounts for the year ended June 30, 2025, was as follows:

|                                       | Balance<br>June 30,<br>2024 | Additions         | Disposals           | Transfers        | Balance<br>June 30,<br>2025 |
|---------------------------------------|-----------------------------|-------------------|---------------------|------------------|-----------------------------|
| <b>Nondepreciable capital assets:</b> |                             |                   |                     |                  |                             |
| Land                                  | \$ 2,935,815                | -                 | -                   | -                | 2,935,815                   |
| Construction in process               | 7,796                       | 2,990,023         | -                   | (824,101)        | 2,173,718                   |
| Total nondepreciable capital assets:  | <u>2,943,611</u>            | <u>2,990,023</u>  | <u>-</u>            | <u>(824,101)</u> | <u>5,109,533</u>            |
| <b>Depreciable capital assets:</b>    |                             |                   |                     |                  |                             |
| Building                              | 38,428,721                  | -                 | -                   | -                | 38,428,721                  |
| Leased Building                       | 5,108,970                   | 3,377,371         | -                   | -                | 8,486,341                   |
| Subscription assets                   | 31,775,797                  | 7,909,091         | (8,618,147)         | -                | 31,066,741                  |
| Furniture and equipment               | 21,512,881                  | -                 | (4,009,903)         | 824,101          | 18,327,079                  |
| Motor vehicles                        | 829,554                     | 34,692            | (83,659)            | -                | 780,587                     |
| Total depreciable capital assets:     | <u>97,655,923</u>           | <u>11,321,154</u> | <u>(12,711,709)</u> | <u>824,101</u>   | <u>97,089,469</u>           |
| <b>Less accumulated depreciation:</b> |                             |                   |                     |                  |                             |
| Building                              | 29,425,333                  | 1,325,701         | -                   | -                | 30,751,034                  |
| Leased Building                       | 4,262,505                   | 886,367           | -                   | -                | 5,148,872                   |
| Subscription assets                   | 18,380,534                  | 5,790,467         | (8,616,774)         | -                | 15,554,227                  |
| Furniture and equipment               | 20,387,352                  | 753,657           | (4,009,331)         | -                | 17,131,678                  |
| Motor vehicles                        | 654,007                     | 90,592            | (83,659)            | -                | 660,940                     |
| Total accumulated depreciation        | <u>73,109,731</u>           | <u>8,846,784</u>  | <u>(12,709,764)</u> | <u>-</u>         | <u>69,246,751</u>           |
| Total depreciable capital assets, net | <u>24,546,192</u>           | <u>2,474,370</u>  | <u>(1,945)</u>      | <u>824,101</u>   | <u>27,842,718</u>           |
| Total capital assets, net             | <u>\$ 27,489,803</u>        | <u>5,464,393</u>  | <u>(1,945)</u>      | <u>-</u>         | <u>32,952,251</u>           |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

### (7) Subscription-Based Information Technology Arrangements

The Authority has entered into subscription-based information technology arrangements (SBITAs) with various software vendors, granting the Authority the right to use cloud- or web-based software systems for a specified contractual period. The standards require the Authority to record a capital asset and a corresponding liability related to these agreements.

As of June 30, 2026, the Authority had right-to-use assets of \$29,121,061 with accumulated amortization of \$15,353,187. As of June 30, 2025, the Authority had right-to-use assets of \$31,066,741 with accumulated amortization of \$15,554,227. The associated liabilities of the right to use assets were broken out into two categories: current and noncurrent. As of June 30, 2026, the current and noncurrent SBITA liability was \$5,347,462 and \$7,697,676, respectively. As of June 30, 2025, the current and noncurrent SBITA liability was \$4,145,881 and \$10,096,009, respectively.

The principal payments by division as of July 1, 2026, and thereafter are as follows:

| <b>Division</b> |           | <b>6/30/2027</b> | <b>6/30/2028</b> | <b>6/30/2029</b> | <b>6/30/2030</b> |
|-----------------|-----------|------------------|------------------|------------------|------------------|
| Homeownership   | \$        | 3,037,049        | 3,121,854        | 1,937,665        | 178,030          |
| Operations      |           | 2,310,413        | 1,902,637        | 312,351          | 245,139          |
| <b>Total</b>    | <b>\$</b> | <b>5,347,462</b> | <b>5,024,491</b> | <b>2,250,016</b> | <b>423,169</b>   |

The associated interest by division as of July 1, 2026, and thereafter is as follows:

| <b>Division</b> |           | <b>6/30/2027</b> | <b>6/30/2028</b> | <b>6/30/2029</b> | <b>6/30/2030</b> |
|-----------------|-----------|------------------|------------------|------------------|------------------|
| Homeownership   | \$        | 210,091          | 125,284          | 42,476           | 1,160            |
| Operations      |           | 164,866          | 64,811           | 14,835           | 1,875            |
| <b>Total</b>    | <b>\$</b> | <b>374,957</b>   | <b>190,095</b>   | <b>57,311</b>    | <b>3,035</b>     |

The principal payments by division as of July 1, 2025, and thereafter are as follows:

| <b>Division</b> |           | <b>6/30/2026</b> | <b>6/30/2027</b> | <b>6/30/2028</b> | <b>6/30/2029</b> | <b>6/30/2030</b> |
|-----------------|-----------|------------------|------------------|------------------|------------------|------------------|
| Homeownership   | \$        | 2,955,340        | 3,037,049        | 3,121,854        | 1,937,665        | 178,030          |
| Operations      |           | 1,083,096        | 1,027,640        | 708,464          | 85,307           | -                |
| Rental Housing  |           | 107,445          | -                | -                | -                | -                |
| <b>Total</b>    | <b>\$</b> | <b>4,145,881</b> | <b>4,064,689</b> | <b>3,830,318</b> | <b>2,022,972</b> | <b>178,030</b>   |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

The associated interest by division as of July 1, 2025, and thereafter is as follows:

| <u>Division</u> |           | <u>6/30/2026</u> | <u>6/30/2027</u> | <u>6/30/2028</u> | <u>6/30/2029</u> | <u>6/30/2030</u> |
|-----------------|-----------|------------------|------------------|------------------|------------------|------------------|
| Homeownership   | \$        | 291,800          | 210,091          | 125,284          | 42,476           | 1,160            |
| Operations      |           | 123,341          | 71,099           | 25,326           | 2,061            | -                |
| Rental Housing  |           | 955              | -                | -                | -                | -                |
| <b>Total</b>    | <b>\$</b> | <b>416,096</b>   | <b>281,190</b>   | <b>150,610</b>   | <b>44,537</b>    | <b>1,160</b>     |

### (8) Leases

On July 1, 2018, the Authority entered into an agreement to lease an office building. The lease term was 5 years, with two options to renew at one year each. In June of 2022, the Authority reassessed the terms of the lease, which resulted in an increase to the lease liability. In February of 2023, the Authority exercised its right to renew the lease for an additional year. In March of 2024, the Authority amended the lease agreement to extend the lease for an additional year, expiring on September 8, 2025.

On August 26, 2024, the Authority entered into a lease agreement for office space commencing on April 1st, 2025. This lease replaces the existing office space lease that expires on September 8, 2025. The new lease has a sixty-three-month term requiring monthly payments. The new space is located near the existing space in Henrico, Virginia.

The annual rent expense for the year ended June 30, 2026, is \$892,024. As of June 30, 2026, the net book value of the leased assets is \$3,616,724, with accumulated amortization of \$852,005.

The principal payment obligations and associated interest related to the building lease commencing July 1, 2027, and thereafter are as follows:

| <u>Year ending June 30</u> | <u>Principal</u>    | <u>Interest</u> | <u>Total</u>     |
|----------------------------|---------------------|-----------------|------------------|
| 2027                       | \$ 630,949          | 103,162         | 734,111          |
| 2028                       | 679,483             | 76,651          | 756,134          |
| 2029                       | 730,691             | 48,121          | 778,812          |
| 2030                       | 784,836             | 17,457          | 802,293          |
| <b>Total</b>               | <b>\$ 2,825,959</b> | <b>245,391</b>  | <b>3,071,350</b> |

### (9) Notes and Bonds Payable

Notes and bonds payable at June 30, 2025 and June 30, 2026 and changes for the year ended June 30, 2026 were as follows:

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                           | Balance at<br>June 30,<br>2025 | Issued                       | Retired | Balance at<br>June 30,<br>2026 |
|-------------------------------------------------------|--------------------------------|------------------------------|---------|--------------------------------|
|                                                       |                                | (Amounts shown in thousands) |         |                                |
| General operating accounts:                           |                                |                              |         |                                |
| Revolving line of credit:                             |                                |                              |         |                                |
| Bank of America                                       |                                |                              |         |                                |
| floating daily rate with a                            |                                |                              |         |                                |
| termination date of December 1, 2026                  | \$ —                           | 38,000                       | 38,000  | —                              |
| Wells Fargo                                           |                                |                              |         |                                |
| floating daily rate with a                            |                                |                              |         |                                |
| termination date of December 1, 2026                  | —                              | 3,000                        | 3,000   | —                              |
| Federal Home Loan Bank                                |                                |                              |         |                                |
| varying fixed rate notes with 30 to 90-day maturities |                                |                              |         |                                |
| (average of 3.87% as of June 30, 2026, and            |                                |                              |         |                                |
| 4.43% at June 30, 2025), maturities range             |                                |                              |         |                                |
| from July 02, 2026 to September 23, 2026              | 400,000                        | 10,000                       | 40,000  | 370,000                        |
| Total general operating                               | 400,000                        | 51,000                       | 81,000  | 370,000                        |
| accounts                                              |                                |                              |         |                                |
| Rental housing bond group:                            |                                |                              |         |                                |
| 2012 Series D dated October 30, 2012,                 |                                |                              |         |                                |
| 4.15% effective interest rate,                        |                                |                              |         |                                |
| final due date October 1, 2037                        | 104,030                        | —                            | 6,295   | 97,735                         |
| 2012 Series E dated November 2, 2013,                 |                                |                              |         |                                |
| 3.16% effective interest rate,                        |                                |                              |         |                                |
| final due date November 1, 2042                       | 7,690                          | —                            | 315     | 7,375                          |
| 2013 Series A/B dated April 11, 2013,                 |                                |                              |         |                                |
| 3.95% effective interest rate,                        |                                |                              |         |                                |
| final due date April 1, 2043                          | 24,685                         | —                            | 1,020   | 23,665                         |
| 2013 Series C dated May 2, 2013,                      |                                |                              |         |                                |
| 3.82% effective interest rate,                        |                                |                              |         |                                |
| final due date February 1, 2043                       | 117,440                        | —                            | 4,960   | 112,480                        |
| 2013 Series D dated May 30, 2013,                     |                                |                              |         |                                |
| 4.06% effective interest rate,                        |                                |                              |         |                                |
| final due date June 1, 2043                           | 82,795                         | —                            | 3,250   | 79,545                         |
| 2013 Series E dated July 11, 2013,                    |                                |                              |         |                                |
| 4.15% effective interest rate,                        |                                |                              |         |                                |
| final due date July 1, 2043                           | 15,710                         | —                            | 595     | 15,115                         |
| 2013 Series F dated October 10, 2013,                 |                                |                              |         |                                |
| 5.24% effective interest rate,                        |                                |                              |         |                                |
| final due date October 1, 2043                        | 43,055                         | —                            | 1,525   | 41,530                         |
| 2013 Series G dated December 3, 2013,                 |                                |                              |         |                                |
| 4.39% effective interest rate,                        |                                |                              |         |                                |
| final due date December 1, 2043                       | 8,140                          | —                            | 275     | 7,865                          |
| 2014 Series A dated August 19, 2014,                  |                                |                              |         |                                |
| 3.75% effective interest rate,                        |                                |                              |         |                                |
| final due date August 1, 2049                         | 10,655                         | —                            | 260     | 10,395                         |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                   | Balance at<br>June 30,<br>2025 | Issued | Retired | Balance at<br>June 30,<br>2026 |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|--------|---------|--------------------------------|
|                                                                                                               | (Amounts shown in thousands)   |        |         |                                |
| 2014 Series B dated October 28, 2014,<br>3.30% effective interest rate,<br>final due date October 1, 2044     | \$ 6,985                       | —      | 250     | 6,735                          |
| 2014 Series C dated November 20, 2014,<br>4.29% effective interest rate,<br>final due date November 1, 2044   | 104,335                        | —      | 3,565   | 100,770                        |
| 2015 Series A dated March 18, 2015,<br>3.50% effective interest rate,<br>final due date March 1, 2045         | 30,755                         | —      | 1,095   | 29,660                         |
| 2015 Series B dated May 12, 2015,<br>3.44% effective interest rate,<br>final due date May 1, 2045             | 9,130                          | —      | 330     | 8,800                          |
| 2015 Series C dated August 5, 2015,<br>3.68% effective interest rate,<br>final due date August 1, 2045        | 18,270                         | —      | 625     | 17,645                         |
| 2015 Series D dated November 10, 2015,<br>3.55% effective interest rate,<br>final due date November 1, 2045   | 28,180                         | —      | 960     | 27,220                         |
| 2015 Series E/F dated December 8, 2015,<br>3.94% effective interest rate,<br>final due date December 1, 2045  | 67,480                         | —      | 2,135   | 65,345                         |
| 2016 Series A dated March 8, 2016,<br>2.99% effective interest rate,<br>final due date March 1, 2046          | 3,865                          | —      | 135     | 3,730                          |
| 2016 Series B dated May 17, 2016,<br>3.48% effective interest rate,<br>final due date May 1, 2046             | 55,350                         | —      | 1,950   | 53,400                         |
| 2016 Series C dated July 19, 2016,<br>2.72% effective interest rate,<br>final due date July 1, 2046           | 3,850                          | —      | 125     | 3,725                          |
| 2016 Series D dated October 18, 2016,<br>2.89% effective interest rate,<br>final due date October 1, 2046     | 6,515                          | —      | 220     | 6,295                          |
| 2017 Series A dated March 14, 2017,<br>3.66% effective interest rate,<br>final due date March 1, 2049         | 24,280                         | —      | 660     | 23,620                         |
| 2017 Series B dated June 13, 2017,<br>3.35% effective interest rate,<br>final due date June 1, 2047           | 5,840                          | —      | 185     | 5,655                          |
| 2017 Series C dated September 13, 2017,<br>3.24% effective interest rate,<br>final due date September 1, 2047 | 2,460                          | —      | 75      | 2,385                          |
| 2017 Series D dated October 19, 2017,<br>3.21% effective interest rate,<br>final due date October 1, 2047     | 4,815                          | —      | 150     | 4,665                          |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                | Balance at<br>June 30,<br>2025 | Issued                       | Retired | Balance at<br>June 30,<br>2026 |
|------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|---------|--------------------------------|
|                                                                                                            |                                | (Amounts shown in thousands) |         |                                |
| 2017 Series E dated December 5, 2017,<br>3.28% effective interest rate,<br>final due date December 1, 2050 | \$ 42,615                      | —                            | 1,130   | 41,485                         |
| 2018 Series A dated March 27, 2018,<br>3.62% effective interest rate,<br>final due date March 1, 2053      | 30,225                         | —                            | 735     | 29,490                         |
| 2018 Series B dated June 5, 2018,<br>3.76% effective interest rate,<br>final due date June 1, 2053         | 24,665                         | —                            | 565     | 24,100                         |
| 2018 Series C dated August 28, 2018,<br>3.63% effective interest rate,<br>final due date August 1, 2053    | 17,350                         | —                            | 370     | 16,980                         |
| 2018 Series D dated October 2, 2018,<br>3.79% effective interest rate,<br>final due date October 1, 2053   | 67,045                         | —                            | 1,415   | 65,630                         |
| 2018 Series E dated December 4, 2018,<br>3.90% effective interest rate,<br>final due date December 1, 2049 | 32,890                         | —                            | 825     | 32,065                         |
| 2019 Series A dated March 26, 2019,<br>3.70% effective interest rate,<br>final due date March 1, 2054      | 57,740                         | —                            | 1,305   | 56,435                         |
| 2019 Series B dated May 22, 2019,<br>3.10% effective interest rate,<br>final due date May 1, 2054          | 15,615                         | —                            | 345     | 15,270                         |
| 2019 Series C dated August 21, 2019<br>3.13% effective interest rate,<br>final due date August 1, 2054     | 46,890                         | —                            | 935     | 45,955                         |
| 2019 Series D dated October 16, 2019<br>3.12% effective interest rate,<br>final due date October 1, 2054   | 46,835                         | —                            | 955     | 45,880                         |
| 2019 Series E dated December 12, 2019<br>3.00% effective interest rate,<br>final due date December 1, 2054 | 48,410                         | —                            | 1,140   | 47,270                         |
| 2020 Series A dated March 25, 2020<br>2.74% effective interest rate,<br>final due date March 1, 2055       | 69,940                         | —                            | 1,510   | 68,430                         |
| 2020 Series B dated March 25, 2020<br>2.39% effective interest rate,<br>final due date March 1, 2055       | 62,690                         | —                            | 1,515   | 61,175                         |
| 2020 Series C dated April 28, 2020<br>3.57% effective interest rate,<br>final due date April 1, 2055       | 174,505                        | —                            | 8,405   | 166,100                        |
| 2020 Series D dated May 27, 2020<br>3.58% effective interest rate,<br>final due date June 1, 2055          | 417,800                        | —                            | 3,170   | 414,630                        |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                 | Balance at<br>June 30,<br>2025 | Issued | Retired | Balance at<br>June 30,<br>2026 |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|--------|---------|--------------------------------|
|                                                                                                             | (Amounts shown in thousands)   |        |         |                                |
| 2020 Series E dated July 28, 2020<br>2.53% effective interest rate,<br>final due date July 1, 2055          | \$ 35,060                      | —      | 825     | 34,235                         |
| 2020 Series F dated July 21, 2020<br>3.09% effective interest rate,<br>final due date July 1, 2055          | 191,835                        | —      | 4,145   | 187,690                        |
| 2020 Series G dated October 14, 2020<br>2.29% effective interest rate,<br>final due date September 1, 2055  | 18,790                         | —      | 535     | 18,255                         |
| 2020 Series H dated October 7, 2020<br>2.94% effective interest rate,<br>final due date September 1, 2055   | 167,870                        | —      | 3,620   | 164,250                        |
| 2020 Series I dated December 9, 2020<br>2.33% effective interest rate,<br>final due date November 1, 2053   | 42,755                         | —      | 1,115   | 41,640                         |
| 2020 Series J dated December 2, 2020<br>3.04% effective interest rate,<br>final due date November 1, 2055   | 47,850                         | —      | 1,090   | 46,760                         |
| 2021 Series A dated March 2, 2021<br>2.68% effective interest rate,<br>final due date February 1, 2056      | 77,660                         | —      | 1,995   | 75,665                         |
| 2021 Series B dated March 30, 2021<br>2.23% effective interest rate,<br>final due date March 1, 2056        | 30,655                         | —      | 825     | 29,830                         |
| 2021 Series C dated april 22, 2021<br>2.85% effective interest rate,<br>final due date April 1, 2056        | 95,420                         | —      | 2,445   | 92,975                         |
| 2021 Series D dated June 3, 2021<br>2.17% effective interest rate,<br>final due date May 1, 2056            | 30,740                         | —      | 840     | 29,900                         |
| 2021 Series E dated June 24, 2021<br>2.71% effective interest rate,<br>final due date June 1, 2056          | 74,275                         | —      | 1,945   | 72,330                         |
| 2021 Series F dated July 27, 2021<br>2.17% effective interest rate,<br>final due date July 1, 2056          | 49,345                         | —      | 1,330   | 48,015                         |
| 2021 Series G dated July 27, 2021<br>2.56% effective interest rate,<br>final due date August 1, 2056        | 29,355                         | —      | 650     | 28,705                         |
| 2021 Series H dated September 2, 2021<br>2.58% effective interest rate,<br>final due date September 1, 2056 | 29,665                         | —      | 685     | 28,980                         |
| 2021 Series I dated October 12, 2021<br>2.23% effective interest rate,<br>final due date October 1, 2056    | 5,855                          | —      | 140     | 5,715                          |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                | Balance at<br>June 30,<br>2025 | Issued                       | Retired | Balance at<br>June 30,<br>2026 |
|------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|---------|--------------------------------|
|                                                                                                            |                                | (Amounts shown in thousands) |         |                                |
| 2021 Series J dated November 9, 2021<br>2.98% effective interest rate,<br>final due date November 1, 2056  | \$ 221,895                     | —                            | 4,770   | 217,125                        |
| 2021 Series K dated December 7, 2021<br>2.39% effective interest rate,<br>final due date December 1, 2056  | 138,790                        | —                            | 3,790   | 135,000                        |
| 2022 Series A dated February 2, 2022<br>2.95% effective interest rate,<br>final due date February 1, 2057  | 39,610                         | —                            | 805     | 38,805                         |
| 2022 Series B dated March 8, 2022<br>3.12% effective interest rate,<br>final due date March 1, 2057        | 57,170                         | —                            | 1,195   | 55,975                         |
| 2022 Series C dated March 29, 2022<br>3.91% effective interest rate,<br>final due date April 1, 2057       | 48,310                         | —                            | 875     | 47,435                         |
| 2022 Series D dated May 3, 2022<br>3.95% effective interest rate,<br>final due date May 1, 2057            | 21,895                         | —                            | 400     | 21,495                         |
| 2022 Series E dated June 30, 2022<br>4.19% effective interest rate,<br>final due date June 1, 2057         | 40,035                         | —                            | 3,430   | 36,605                         |
| 2022 Series F dated October 5, 2022<br>4.85% effective interest rate,<br>final due date October 1, 2057    | 57,550                         | —                            | 1,110   | 56,440                         |
| 2022 Series G dated November 30, 2022<br>5.13% effective interest rate,<br>final due date November 1, 2064 | 78,820                         | —                            | 720     | 78,100                         |
| 2023 Series A dated February 9, 2023<br>5.28% effective interest rate,<br>final due date February 1, 2066  | 60,000                         | —                            | 425     | 59,575                         |
| 2023 Series B dated March 8, 2023<br>4.65% effective interest rate,<br>final due date March 1, 2065        | 40,250                         | —                            | 390     | 39,860                         |
| 2023 Series C dated June 1, 2023<br>4.24% effective interest rate,<br>final due date May 1, 2060           | 6,915                          | —                            | 95      | 6,820                          |
| 2023 Series D dated August 3, 2023<br>4.75% effective interest rate,<br>final due date August 1, 2065      | 109,895                        | —                            | 32,075  | 77,820                         |
| 2023 Series E dated October 12, 2023<br>5.12% effective interest rate,<br>final due date October 1, 2065   | 56,630                         | —                            | 5,160   | 51,470                         |
| 2023 Series F dated November 30, 2023<br>5.16% effective interest rate,<br>final due date May 1, 2067      | 167,855                        | —                            | 85      | 167,770                        |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                               | Balance at<br>June 30,<br>2025 | Issued  | Retired | Balance at<br>June 30,<br>2026 |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|---------|---------|--------------------------------|
|                                                                                                           | (Amounts shown in thousands)   |         |         |                                |
| 2024 Series A dated March 7, 2024<br>4.53% effective interest rate,<br>final due date September 1, 2065   | \$ 177,070                     | —       | —       | 177,070                        |
| 2024 Series B dated May 2, 2024<br>5.84% effective interest rate,<br>final due date May 1, 2066           | 25,000                         | —       | —       | 25,000                         |
| 2024 Series C dated June 18, 2024<br>4.73% effective interest rate,<br>final due date June 1, 2066        | 80,270                         | —       | 700     | 79,570                         |
| 2024 Series D dated August 1, 2024<br>4.41% effective interest rate,<br>final due date August 1, 2060     | 50,900                         | —       | —       | 50,900                         |
| 2024 Series E dated October 10, 2024<br>4.07% effective interest rate,<br>final due date April 1, 2066    | 89,820                         | —       | —       | 89,820                         |
| 2024 Series F dated October 31, 2024<br>5.84% effective interest rate,<br>final due date October 1, 2066  | 106,000                        | —       | —       | 106,000                        |
| 2024 Series G dated November 7, 2024<br>4.11% effective interest rate,<br>final due date November 1, 2066 | 34,300                         | —       | —       | 34,300                         |
| 2024 Series H dated December 5, 2024<br>4.57% effective interest rate,<br>final due date December 1, 2066 | 164,175                        | —       | —       | 164,175                        |
| 2025 Series A dated March 20, 2025<br>4.59% effective interest rate,<br>final due date March 1, 2068      | 172,520                        | —       | —       | 172,520                        |
| 2025 Series B dated June 17, 2025<br>5.01% effective interest rate,<br>final due date June 1, 2067        | 21,200                         | —       | —       | 21,200                         |
| 2025 Series C dated July 22, 2025<br>4.87% effective interest rate,<br>final due date July 1, 2062        | —                              | 36,675  | —       | 36,675                         |
| 2025 Series D dated August 21, 2025<br>5.91% effective interest rate,<br>final due date August 1, 2067    | —                              | 57,315  | —       | 57,315                         |
| 2025 Series E dated October 9, 2025<br>4.71% effective interest rate,<br>final due date October 1, 2067   | —                              | 111,795 | —       | 111,795                        |
| 2025 Series F dated December 4, 2025<br>4.55% effective interest rate,<br>final due date December 1, 2067 | —                              | 102,780 | —       | 102,780                        |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                    | Balance at<br>June 30,<br>2025 | Issued                       | Retired | Balance at<br>June 30,<br>2026 |
|----------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------|---------|--------------------------------|
|                                                                                                                |                                | (Amounts shown in thousands) |         |                                |
| 2026 Series A dated March 19, 2026<br>4.52% effective interest rate,<br>final due date March 1, 2068           | \$ —                           | 17,860                       | —       | 17,860                         |
| 2026 Series B dated May 28, 2026<br>4.63% effective interest rate,<br>final due date May 1, 2063               | —                              | 35,510                       | —       | 35,510                         |
| 2026 Series C dated June 17, 2026<br>4.13% effective interest rate,<br>final due date June 1, 2064             | —                              | 8,820                        | —       | 8,820                          |
|                                                                                                                | 4,935,530                      | 370,755                      | 133,485 | 5,172,800                      |
| Unamortized premium                                                                                            | (702)                          | —                            | 38      | (664)                          |
| Total rental housing<br>bonds                                                                                  | 4,934,828                      |                              |         | 5,172,136                      |
| Commonwealth mortgage bonds group:                                                                             |                                |                              |         |                                |
| 2006 Series C, dated June 8, 2006,<br>6.58% effective interest rate,<br>final due date June 25, 2034           | 3,182                          | —                            | 692     | 2,490                          |
| 2012 Series A, dated December 20, 2012,<br>2.10% effective interest rate,<br>final due date July 1, 2026       | 12,400                         | —                            | 8,200   | 4,200                          |
| 2012 Series B/C, dated December 20, 2012,<br>3.04% effective interest rate,<br>final due date January 1, 2039. | 167,670                        | —                            | 24,200  | 143,470                        |
| 2013 Series B, dated May 21, 2013,<br>2.75% effective interest rate,<br>final due date April 25, 2042          | 13,158                         | —                            | 1,398   | 11,760                         |
| 2013 Series C, dated October 24, 2013,<br>4.25% effective interest rate,<br>final due date October 25, 2043    | 15,043                         | —                            | 1,496   | 13,547                         |
| 2013 Series D, dated December 19, 2013,<br>4.30% effective interest rate,<br>final due date December 25, 2043  | 14,597                         | —                            | 858     | 13,739                         |
| 2014 Series A, dated December 11, 2014,<br>3.50% effective interest rate,<br>final due date October 25, 2037   | 20,900                         | —                            | 3,300   | 17,600                         |
| 2015 Series A, dated November 10, 2015,<br>3.25% effective interest rate,<br>final due date June 25, 2042      | 34,287                         | —                            | 4,192   | 30,095                         |
| 2016 Series A, dated June 9, 2016,<br>3.10% effective interest rate,<br>final due date June 25, 2041           | 34,552                         | —                            | 4,172   | 30,380                         |
| 2017 Series A, dated June 13, 2017,<br>3.13% effective interest rate,<br>final due date November 25, 2039      | 39,902                         | —                            | 4,719   | 35,183                         |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                                   | Balance at<br>June 30,<br>2025 | Issued | Retired | Balance at<br>June 30,<br>2026 |
|---------------------------------------------------------------------------------------------------------------|--------------------------------|--------|---------|--------------------------------|
|                                                                                                               | (Amounts shown in thousands)   |        |         |                                |
| 2019 Series A, dated November 5, 2019,<br>2.95% effective interest rate,<br>final due date October 25, 2049   | \$ 38,324                      | —      | 3,465   | 34,859                         |
| 2020 Series A, dated February 12, 2020,<br>2.85% effective interest rate,<br>final due date December 25, 2049 | 50,570                         | —      | 2,778   | 47,792                         |
| 2020 Series B, dated April 21, 2020,<br>2.75% effective interest rate,<br>final due date October 25, 2046     | 59,755                         | —      | 6,289   | 53,466                         |
| 2021 Series A, dated August 17, 2021,<br>2.13% effective interest rate,<br>final due date July 25, 2051       | 114,086                        | —      | 9,126   | 104,960                        |
| 2022 Series A, dated February 1, 2022,<br>2.88% effective interest rate,<br>final due date February 25, 2052  | 33,256                         | —      | 2,463   | 30,793                         |
| 2023 Series A, dated October 24, 2023,<br>5.07% effective interest rate,<br>final due date November 1, 2053   | 97,635                         | —      | 2,740   | 94,895                         |
| 2023 Series B, dated October 24, 2023,<br>6.39% effective interest rate,<br>final due date November 1, 2053   | 147,155                        | —      | 3,560   | 143,595                        |
| 2023 Series CE, dated December 14, 2023,<br>4.42% effective interest rate,<br>final due date July 1, 2055     | 364,395                        | —      | 6,110   | 358,285                        |
| 2023 Series D, dated December 14, 2023,<br>6.03% effective interest rate,<br>final due date January 1, 2054   | 99,000                         | —      | 2,210   | 96,790                         |
| 2024 A Series, dated March 28, 2024,<br>5.46% effective interest rate,<br>final due date April 1, 2054        | 160,000                        | —      | 3,755   | 156,245                        |
| 2024 B Series, dated May 29, 2024,<br>5.79% effective interest rate,<br>final due date October 1, 2054        | 160,000                        | —      | 3,200   | 156,800                        |
| 2024 C Series, dated September 17, 2024,<br>5.59% effective interest rate,<br>final due date October 1, 2054  | 160,005                        | —      | 3,060   | 156,945                        |
| 2024 D Series, dated November 21, 2024,<br>4.63% effective interest rate,<br>final due date July 1, 2055      | 150,000                        | —      | —       | 150,000                        |
| 2024 F Series, dated November 21, 2024,<br>3.63% effective interest rate,<br>final due date July 1, 2055      | 145,480                        | —      | 400     | 145,080                        |
| 2024 E Series, dated November 21, 2024,<br>5.74% effective interest rate,<br>final due date July 1, 2055      | 160,000                        | —      | 1,030   | 158,970                        |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| Description                                                                                              | Balance at<br>June 30,<br>2025 | Issued  | Retired | Balance at<br>June 30,<br>2026 |
|----------------------------------------------------------------------------------------------------------|--------------------------------|---------|---------|--------------------------------|
|                                                                                                          | (Amounts shown in thousands)   |         |         |                                |
| 2025 A Series, dated February 19, 2025<br>5.76% effective interest rate,<br>final due date July 1, 2055  | \$ 150,000                     | —       | —       | 150,000                        |
| 2025 B Series, dated May 20, 2025<br>6.05% effective interest rate,<br>final due date July 1, 2055       | 140,000                        | —       | —       | 140,000                        |
| 2025 C Series, dated July 16, 2025<br>5.91% effective interest rate,<br>final due date July 1, 2055      | —                              | 150,000 | —       | 150,000                        |
| 2025 Series D dated October 8, 2025<br>5.60% effective interest rate,<br>final due date July 1, 2055     | —                              | 140,960 | —       | 140,960                        |
| 2025 Series EG dated November 12, 2025<br>4.47% effective interest rate,<br>final due date July 1, 2056  | —                              | 300,000 | —       | 300,000                        |
| 2025 Series F dated November 12, 2025<br>5.41% effective interest rate,<br>final due date July 1, 2056   | —                              | 150,000 | —       | 150,000                        |
| 2026 Series A dated February 26, 2026<br>5.62% effective interest rate,<br>final due date July 1, 2056   | —                              | 150,000 | —       | 150,000                        |
| 2026 Series B dated May 20, 2026<br>5.67% effective interest rate,<br>final due date July 1, 2056        | —                              | 75,000  | —       | 75,000                         |
|                                                                                                          | 2,585,352                      | 965,960 | 103,413 | 3,447,899                      |
| Unamortized premium                                                                                      | (66)                           | —       | 15      | (51)                           |
| Total commonwealth<br>mortgage bonds group                                                               | 2,585,286                      |         |         | 3,447,848                      |
| Homeownership mortgage bonds group:                                                                      |                                |         |         |                                |
| 2013 Series A, dated March 27, 2013,<br>3.25% effective interest rate,<br>final due date August 25, 2042 | 30,978                         | —       | 3,365   | 27,613                         |
| Total homeownership<br>mortgage bonds group                                                              | 30,978                         |         |         | 27,613                         |
| Total                                                                                                    | \$ 7,951,092                   |         |         | 9,017,597                      |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

Notes and bonds payable at June 30, 2025 and June 30, 2026 and changes for the year ended June 30, 2026 were summarized as follows (amounts in thousands):

| Description                        | Balance at<br>June 30,<br>2025 | Increases        | Decreases      | Balance at<br>June 30,<br>2026 | Due within<br>one year |
|------------------------------------|--------------------------------|------------------|----------------|--------------------------------|------------------------|
| Notes from direct borrowings       | \$ 400,000                     | 51,000           | 81,000         | 370,000                        | 370,000                |
| Rental housing bonds group         | 4,934,828                      | 370,755          | 133,447        | 5,172,136                      | 100,420                |
| Commonwealth mortgage bonds group  | 2,585,286                      | 965,960          | 103,398        | 3,447,848                      | 91,850                 |
| Homeownership mortgage bonds group | 30,978                         | -                | 3,365          | 27,613                         | 1,455                  |
| Total                              | <u>\$ 7,951,092</u>            | <u>1,387,715</u> | <u>321,210</u> | <u>9,017,597</u>               | <u>563,725</u>         |

Notes and bonds payable at June 30, 2024 and June 30, 2025 and changes for the year ended June 30, 2025 were summarized as follows (amounts in thousands):

| Description                        | Balance at<br>June 30,<br>2024 | Increases        | Decreases      | Balance at<br>June 30,<br>2025 | Due within<br>one year |
|------------------------------------|--------------------------------|------------------|----------------|--------------------------------|------------------------|
| Notes from direct borrowings       | \$ 400,000                     | 2,000            | 2,000          | 400,000                        | 400,000                |
| Rental housing bonds group         | 4,422,184                      | 638,915          | 126,271        | 4,934,828                      | 95,900                 |
| Commonwealth mortgage bonds group  | 1,809,536                      | 1,130,480        | 354,730        | 2,585,286                      | 207,346                |
| Homeownership mortgage bonds group | 34,441                         | -                | 3,463          | 30,978                         | 1,484                  |
| Total                              | <u>\$ 6,666,161</u>            | <u>1,771,395</u> | <u>486,464</u> | <u>7,951,092</u>               | <u>704,730</u>         |

Current and noncurrent amounts of notes and bonds payable at June 30, 2026 and 2025 were as follows:

|                                   | <u>June 30</u>          |                      |
|-----------------------------------|-------------------------|----------------------|
|                                   | <u>2026</u>             | <u>2025</u>          |
| Notes and bonds payable - current | \$ 563,725,427          | 704,729,940          |
| Bonds payable - noncurrent        | <u>8,453,871,076</u>    | <u>7,246,362,212</u> |
| Total                             | <u>\$ 9,017,596,503</u> | <u>7,951,092,152</u> |

From time to time, the Authority has participated in refunding, in which new debt is issued and the proceeds are used to redeem, generally within ninety days, previously issued debt. Related discounts or premiums previously deferred are recognized in income or expense, respectively. There were no refundings during the years ended June 30, 2026 and 2025. The Authority had redemptions of \$56,700,000 and \$296,890,000 during the years ended June 30, 2026, and 2025, respectively. The Authority had remarkings of \$370,480,00 and \$224,995,000 during the years ending June 30, 2026 and 2025, respectively.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premiums) commencing July 1, 2026 and thereafter are as follows:

| Year ending June 30 | Bonds                 |                  | Direct Placements & Direct Borrowings |                  | Total debt service |
|---------------------|-----------------------|------------------|---------------------------------------|------------------|--------------------|
|                     | Outstanding principal | Current interest | Outstanding principal                 | Current interest |                    |
| 2027                | \$ 185,235,427        | 334,017,663      | 378,490,000                           | 21,759,935       | 919,503,025        |
| 2028                | 213,840,000           | 348,279,187      | 8,780,000                             | 7,110,661        | 578,009,848        |
| 2029                | 331,105,000           | 336,787,281      | 9,085,000                             | 6,763,702        | 683,740,983        |
| 2030                | 293,255,000           | 321,583,379      | 9,400,000                             | 6,404,754        | 630,643,133        |
| 2031                | 222,305,000           | 313,167,327      | 9,725,000                             | 6,033,321        | 551,230,648        |
| 2032-2036           | 1,110,091,340         | 1,441,783,841    | 53,885,000                            | 24,129,615       | 2,629,889,796      |
| 2037-2041           | 1,223,745,890         | 1,217,950,796    | 63,890,000                            | 12,711,751       | 2,518,298,437      |
| 2042-2046           | 1,373,776,163         | 938,402,315      | 28,770,000                            | 1,423,109        | 2,342,371,587      |
| 2047-2051           | 1,473,183,894         | 637,960,303      | -                                     | -                | 2,111,144,197      |
| 2052-2056           | 1,392,073,786         | 300,662,298      | -                                     | -                | 1,692,736,084      |
| 2057-2061           | 327,385,000           | 117,323,272      | -                                     | -                | 444,708,272        |
| 2062-2066           | 262,845,000           | 47,642,586       | -                                     | -                | 310,487,586        |
| 2067-2071           | 47,445,000            | 2,365,136        | -                                     | -                | 49,810,136         |
| Total               | \$ 8,456,286,500      | 6,357,925,384    | 562,025,000                           | 86,336,848       | 15,462,573,732     |

The principal payment obligations related to all note and bond indebtedness (excluding the effect of unamortized discounts and premiums) commencing July 1, 2026, and thereafter are as follows:

| Year ending June 30 | General fund notes | Rental housing bonds | Rental housing         | Commonwealth mortgage bonds | Homeownership mortgage bonds | Total principal |
|---------------------|--------------------|----------------------|------------------------|-----------------------------|------------------------------|-----------------|
|                     |                    |                      | bonds direct placement |                             |                              |                 |
| 2027                | \$ 370,000,000     | 91,930,000           | 8,490,000              | 91,850,104                  | 1,455,323                    | 563,725,427     |
| 2028                | -                  | 120,560,000          | 8,780,000              | 93,280,000                  | -                            | 222,620,000     |
| 2029                | -                  | 229,130,000          | 9,085,000              | 101,975,000                 | -                            | 340,190,000     |
| 2030                | -                  | 191,195,000          | 9,400,000              | 102,060,000                 | -                            | 302,655,000     |
| 2031                | -                  | 123,675,000          | 9,725,000              | 98,630,000                  | -                            | 232,030,000     |
| 2032-2036           | -                  | 642,830,000          | 53,885,000             | 467,261,340                 | -                            | 1,163,976,340   |
| 2037-2041           | -                  | 683,585,000          | 63,890,000             | 540,160,890                 | -                            | 1,287,635,890   |
| 2042-2046           | -                  | 761,485,000          | 28,770,000             | 586,134,979                 | 26,156,184                   | 1,402,546,163   |
| 2047-2051           | -                  | 769,065,000          | -                      | 704,118,894                 | -                            | 1,473,183,894   |
| 2052-2056           | -                  | 740,075,000          | -                      | 651,998,786                 | -                            | 1,392,073,786   |
| 2057-2061           | -                  | 316,955,000          | -                      | 10,430,000                  | -                            | 327,385,000     |
| 2062-2066           | -                  | 262,845,000          | -                      | -                           | -                            | 262,845,000     |
| 2067-2071           | -                  | 47,445,000           | -                      | -                           | -                            | 47,445,000      |
| Total               | \$ 370,000,000     | 4,980,775,000        | 192,025,000            | 3,447,899,993               | 27,611,507                   | 9,018,311,500   |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

The associated interest related to all note and bond indebtedness commencing July 1, 2026, and thereafter are as follows:

| Year ending June 30 | General fund<br>interest | Rental housing<br>interest | Rental housing<br>bonds<br>direct placement | Commonwealth<br>interest | Homeownership<br>interest | Total interest |
|---------------------|--------------------------|----------------------------|---------------------------------------------|--------------------------|---------------------------|----------------|
| 2027                | \$ 14,314,000            | 174,423,095                | 7,445,935                                   | 158,693,384              | 901,184                   | 355,777,598    |
| 2028                | -                        | 186,689,944                | 7,110,661                                   | 160,739,167              | 850,076                   | 355,389,848    |
| 2029                | -                        | 178,893,452                | 6,763,702                                   | 157,043,753              | 850,076                   | 343,550,983    |
| 2030                | -                        | 167,671,339                | 6,404,754                                   | 153,061,964              | 850,076                   | 327,988,133    |
| 2031                | -                        | 163,265,911                | 6,033,321                                   | 149,051,340              | 850,076                   | 319,200,648    |
| 2032-2036           | -                        | 753,847,358                | 24,129,615                                  | 683,686,103              | 4,250,380                 | 1,465,913,456  |
| 2037-2041           | -                        | 643,805,457                | 12,711,751                                  | 569,894,959              | 4,250,380                 | 1,230,662,547  |
| 2042-2046           | -                        | 514,199,627                | 1,423,109                                   | 423,154,261              | 1,048,427                 | 939,825,424    |
| 2047-2051           | -                        | 376,543,833                | -                                           | 261,416,470              | -                         | 637,960,303    |
| 2052-2056           | -                        | 228,090,375                | -                                           | 72,571,923               | -                         | 300,662,298    |
| 2057-2061           | -                        | 117,077,717                | -                                           | 245,555                  | -                         | 117,323,272    |
| 2062-2066           | -                        | 47,642,586                 | -                                           | -                        | -                         | 47,642,586     |
| 2067-2071           | -                        | 2,365,136                  | -                                           | -                        | -                         | 2,365,136      |
| Total               | \$ 14,314,000            | 3,554,515,830              | 72,022,848                                  | 2,789,558,879            | 13,850,675                | 6,444,262,232  |

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

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

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

The Authority had maintained a \$150.0 million line of credit with Bank of America; however, on December 1, 2024, the Authority made changes to the credit agreement with Bank of America, decreasing the line of credit to \$75.0 million. Additionally, the Authority opened a new \$75.0 million line of credit with Wells Fargo Bank. This gave the Authority a total available borrowing amount of \$150.0 million, expiring on December 1, 2026. As of June 30, 2026, there was no outstanding balance on the line of credit for Bank of America or Wells Fargo Bank. The Authority is in compliance with all debt covenant requirements.

The Authority maintains a \$1.9 billion credit agreement with the FHLB of Atlanta, whereby FHLB of Atlanta may advance funds that are secured by cash, mortgage loans, and government agency securities held in FHLB of Atlanta as collateral. As of June 30, 2026, there was \$465.6 million in mortgage-backed securities pledged to FHLB Atlanta. As of June 30, 2025, there was \$474.1 million in mortgage-backed securities pledged to FHLB Atlanta. Interest on any advance can be charged either under a floating daily rate or a fixed rate with a stated maturity not to exceed either one year for the daily rate or twenty years for fixed-rate loans.

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

June 30, 2026 and 2025

As of June 30, 2026, there was one 30-day and one 90-day fixed-rate borrowing: one for a total of \$190.0 million at 3.82% and one for a total of \$180.0 million at 3.92%. The Authority is in compliance with all debt covenant requirements. As of June 30, 2026, and 2025, there were \$370.0 million and \$400.0 million outstanding, respectively.

### **(10) Loan Participation Payable to Federal Financing Bank**

On March 23, 2015, the Authority was designated as a “qualified Housing Finance Agency” under the Risk-Sharing Act and entered into a Risk-Sharing Agreement with HUD. In conjunction with the Risk-Sharing Agreement, the Authority elected to participate in a program offered by the Federal Financing Bank (FFB) for the financing of rental housing mortgage loans. The FFB is a government corporation, under the general supervision and direction of the Secretary of the Treasury, created by Congress with statutory authority to purchase any obligation that is fully guaranteed by another federal agency. To the extent that FFB proceeds are utilized to finance certain mortgage loans, such mortgage loans would not be available to be financed under the Rental Housing Bond Group other than on a temporary basis prior to such FFB financing. In February 2016, the Authority executed the necessary agreements to allow the Authority to participate in such FFB financing.

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

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

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

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

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

June 30, 2026 and 2025

Activity in the related risk-sharing program with the FFB as of June 30, 2026.

| Description                                 | Balance at<br>June 30,<br>2025 | Issued | Retired | Balance at<br>June 30,<br>2026 |
|---------------------------------------------|--------------------------------|--------|---------|--------------------------------|
| Participation Certificates Outstanding:     |                                |        |         |                                |
| Colonnade at Rocktown - Note rate of 4.68%  |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 3.45%                  |                                |        |         |                                |
| Maturity date of May 1, 2047                | \$ 2,557,120                   | —      | 68,560  | 2,488,560                      |
| Wilsondale II - Note rate of 4.47%          |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 3.12%                  |                                |        |         |                                |
| Maturity date of July 1, 2047               | 6,625,458                      | —      | 180,092 | 6,445,366                      |
| Baker Woods - Note rate of 3.91%            |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 2.89%                  |                                |        |         |                                |
| Maturity date of December 1, 2052           | 4,947,726                      | —      | 102,301 | 4,845,425                      |
| Twin Canal Village - Note rate of 3.82%     |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 3.18%                  |                                |        |         |                                |
| Maturity date of April 1, 2043              | 5,841,032                      | —      | 233,096 | 5,607,936                      |
| Treesdale - Note rate of 4.22%              |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 3.30%                  |                                |        |         |                                |
| Maturity date of November 1, 2048           | 3,274,629                      | —      | 83,748  | 3,190,881                      |
| Landing at Weyers Cove - Note rate of 4.22% |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 3.30%                  |                                |        |         |                                |
| Maturity date of November 1, 2048           | 2,153,564                      | —      | 55,077  | 2,098,487                      |
| Belle Hall - Note rate of 3.57%             |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 2.72%                  |                                |        |         |                                |
| Maturity date of September 1, 2049          | 3,921,310                      | —      | 103,538 | 3,817,772                      |
| Campostella Commons - Note rate of 3.57%    |                                |        |         |                                |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                |        |         |                                |
| Pass-through rate of 2.72%                  |                                |        |         |                                |
| Maturity date of September 1, 2049          | 2,996,056                      | —      | 79,107  | 2,916,949                      |
| Total participation certificates payable    | \$ 32,316,895                  | —      | 905,519 | 31,411,376                     |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Notes to Basic Financial Statements

June 30, 2026 and 2025

Activity in the related risk-sharing program with the FFB as of June 30, 2025.

| <b>Description</b>                          | <b>Balance at<br/>June 30,<br/>2024</b> | <b>Issued</b> | <b>Retired</b> | <b>Balance at<br/>June 30,<br/>2025</b> |
|---------------------------------------------|-----------------------------------------|---------------|----------------|-----------------------------------------|
| Participation Certificates Outstanding:     |                                         |               |                |                                         |
| Colonnade at Rocktown - Note rate of 4.68%  |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 3.45%                  |                                         |               |                |                                         |
| Maturity date of May 1, 2047                | \$ 2,622,550                            | —             | 65,430         | 2,557,120                               |
| Wilsondale II - Note rate of 4.47%          |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 3.12%                  |                                         |               |                |                                         |
| Maturity date of July 1, 2047               | 6,797,692                               | —             | 172,234        | 6,625,458                               |
| Baker Woods - Note rate of 3.91%            |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 2.89%                  |                                         |               |                |                                         |
| Maturity date of December 1, 2052           | 5,046,112                               | —             | 98,386         | 4,947,726                               |
| Twin Canal Village - Note rate of 3.82%     |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 3.18%                  |                                         |               |                |                                         |
| Maturity date of April 1, 2043              | 6,065,404                               | —             | 224,372        | 5,841,032                               |
| Treesdale - Note rate of 4.22%              |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 3.30%                  |                                         |               |                |                                         |
| Maturity date of November 1, 2048           | 3,354,920                               | —             | 80,291         | 3,274,629                               |
| Landing at Weyers Cove - Note rate of 4.22% |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 3.30%                  |                                         |               |                |                                         |
| Maturity date of November 1, 2048           | 2,206,367                               | —             | 52,803         | 2,153,564                               |
| Belle Hall - Note rate of 3.57%             |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 2.72%                  |                                         |               |                |                                         |
| Maturity date of September 1, 2049          | 4,021,219                               | —             | 99,909         | 3,921,310                               |
| Campostella Commons - Note rate of 3.57%    |                                         |               |                |                                         |
| Risk-Share percentage (10% HUD / 90% VHDA)  |                                         |               |                |                                         |
| Pass-through rate of 2.72%                  |                                         |               |                |                                         |
| Maturity date of September 1, 2049          | 3,072,391                               | —             | 76,335         | 2,996,056                               |
| Total participation certificates payable    | \$ 33,186,655                           | —             | 869,760        | 32,316,895                              |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

### (11) Escrows and Project Reserves

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

At June 30, 2026 and 2025, these escrows and project reserves were presented in the Authority's Statements of Net Position as follows:

|                               |    | <u>June 30</u>     |                    |
|-------------------------------|----|--------------------|--------------------|
|                               |    | <u>2026</u>        | <u>2025</u>        |
| Escrow - current              | \$ | 61,326,696         | 50,997,689         |
| Project reserves - noncurrent |    | <u>124,454,999</u> | <u>127,712,700</u> |
| Total                         | \$ | <u>185,781,695</u> | <u>178,710,389</u> |

### (12) Derivative Instruments

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

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2026, were as follows:

| <u>Counterparty rating</u> | <u>Count</u> | <u>Par</u>           | <u>Concentration</u> | <u>Book value</u>    | <u>Fair value</u>    | <u>Fair value<br/>asset<br/>(liability)</u> |
|----------------------------|--------------|----------------------|----------------------|----------------------|----------------------|---------------------------------------------|
| P-1/A1                     | 10           | \$ 13,500,000        | 17.1%                | \$ 13,887,422        | \$ 13,896,328        | \$ (8,906)                                  |
| NR                         | 10           | 31,500,000           | 39.9%                | 32,182,188           | 32,232,734           | (50,546)                                    |
| NR                         | 10           | 17,000,000           | 21.5%                | 17,276,953           | 17,309,375           | (32,422)                                    |
| P-1/Aa3                    | 8            | 17,000,000           | 21.5%                | 17,242,929           | 17,281,563           | (38,634)                                    |
|                            | <u>38</u>    | <u>\$ 79,000,000</u> | <u>100.0%</u>        | <u>\$ 80,589,492</u> | <u>\$ 80,720,000</u> | <u>\$ (130,508)</u>                         |

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2025, were as follows:

| <u>Counterparty rating</u> | <u>Count</u> | <u>Par</u>            | <u>Concentration</u> | <u>Book value</u>     | <u>Fair value</u>     | <u>Fair value<br/>asset<br/>(liability)</u> |
|----------------------------|--------------|-----------------------|----------------------|-----------------------|-----------------------|---------------------------------------------|
| A-1/A+                     | 12           | \$ 36,700,000         | 31.3%                | \$ 37,495,332         | \$ 37,684,234         | \$ (188,902)                                |
| A-1/A+                     | 11           | 37,000,000            | 31.6%                | 37,658,672            | 37,815,000            | (156,328)                                   |
| A-1+/AA-                   | 8            | 22,500,000            | 19.2%                | 22,861,641            | 23,000,625            | (138,984)                                   |
| A-1/A+                     | 7            | 21,000,000            | 17.9%                | 21,420,234            | 21,511,172            | (90,938)                                    |
|                            | <u>38</u>    | <u>\$ 117,200,000</u> | <u>100.0%</u>        | <u>\$ 119,435,879</u> | <u>\$ 120,011,031</u> | <u>\$ (575,152)</u>                         |

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

### Notes to Basic Financial Statements

June 30, 2026 and 2025

#### (13) Investment Income and Arbitrage Liabilities

The amount of investment income the Authority may earn with respect to certain tax-exempt bond issues in the Commonwealth Mortgage Bond Group and Rental Housing Bond Group is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are recorded in other liabilities (noncurrent). As of June 30, 2026, and 2025, rebate payments of \$14,320 and \$172,492, respectively, were paid. At June 30, 2026, and 2025, the Authority recorded a rebate liability of \$3,016,989 and \$3,113,599, respectively.

#### (14) Net Position

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

Unrestricted net position represents those portions of the total net position set aside for current utilization and tentative plans for future utilization of such net position. As of June 30, 2026 and 2025, such plans included funds to be available for other loans and loan commitments; over commitments and over allocations in the various bond issues; support funds and contributions to bond issues; support for REACH *Virginia* initiatives and tenant-based housing assistance payments; and working capital and future operating and capital expenditures. Additional unrestricted net position commitments include maintenance of the Authority's obligation with regard to the general obligation pledge on its bonds; contributions to future bond issues other than those scheduled during the next year; coverage on uninsured assets; unsubsidized rental housing conventional loan program; and any unanticipated losses in connection with the uninsured portions of the balance of the homeownership and rental housing loans; coverage on the liability exposure of commissioners and officers; the cost of holding foreclosed property prior to resale; costs incurred with the redemption of bonds; homeownership loan prepayment shortfalls; and other risks and contingencies.

#### (15) Employee Benefits Plans

The Authority incurs employment retirement savings expenses under two defined contribution plans equal to between 8% and 11% of full-time employees' compensation. Total retirement savings expense for the year ended June 30, 2026, and 2025 was \$6,367,234 and \$6,529,012, respectively.

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

As of June 30, 2026, and 2025, an employee compensated absences accrual of \$7,247,069 and \$7,180,128, respectively, is included in other liabilities (Note 17). Additionally, as of June 30, 2026, and 2025, a liability of \$1,088,840 and \$1,123,642, respectively, was accrued to accounts payable and other liabilities on the Statement of Net Position due to the implementation of GASB 101.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

### (16) Other Postemployment Benefits

#### (a) *Retiree Healthcare Plan Description (the Plan)*

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

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

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

Plan assets are administered through the Virginia Housing Development Authority Retiree Health Care Plan Trust (the Trust), an irrevocable trust to be used solely for providing benefits to eligible participants in the Plan. Assets of the Trust are irrevocable, legally protected from creditors, and are dedicated to providing post-employment reimbursement of eligible medical, dental, and vision expenses to current and eligible future retirees and their spouses, in accordance with the terms of the Plan. The Oversight Committee oversees investment determinations based on the objective of moderate growth of capital, consistent with the principle of diversification, while maintaining liquidity. The trust may invest in stocks, bonds, mutual funds, or any other reasonable investment instrument so long as it maintains a diversified portfolio consistent with the Investment Policy as defined in the Trust.

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

At January 1, 2026, participants in the Plan consisted of the following:

|                                                     |            |
|-----------------------------------------------------|------------|
| Active employees                                    | 499        |
| Inactive plan members (retirees) receiving benefits | 163        |
| Beneficiaries                                       | 9          |
| Total Participants                                  | <u>671</u> |

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

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

**(b) Contributions**

Plan documents note that all benefits under the Plan shall be funded by the Authority. No contributions may be made to the Plan by participants in the Plan. The Authority establishes contribution rates based on the actuarially determined contribution rate. The Authority supplements the actuarially determined rate by ensuring the Plan is additionally funded based on a percentage of budgeted payroll plus administrative fees incurred by the Plan. The Authority pays benefits and administrative fees on behalf of the Plan on an annual basis. The Authority's annual contribution rate ranged between 1.0% to 6.0% of covered payroll. For the years ended December 31, 2025, and December 31, 2024, the Authority's contributions to the Plan were \$659,682 and \$1,686,116, respectively. At June 30, 2026, and June 30, 2025, the Authority reported no outstanding amount of contributions to the Plan required for the years ended December 31, 2025, and December 31, 2024.

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

For the years ended June 30, 2026 and June 30, 2025, the Authority recognized OPEB expense of \$112,646 and \$829,491, respectively. At June 30, 2026, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| Year ending June 30, 2026                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience                             | \$ 6,824,535                         | 8,898,974                           |
| Net difference between projected and actual earnings on OPEB Plan investments | -                                    | 6,938,959                           |
| Change in assumptions                                                         | 1,035,375                            | 1,331,481                           |
| Total                                                                         | \$ <u>7,859,910</u>                  | <u>17,169,414</u>                   |

At June 30, 2025, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| Year ending June 30, 2025                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience                             | \$ 4,655,454                         | 9,812,467                           |
| Net difference between projected and actual earnings on OPEB Plan investments | -                                    | 2,873,277                           |
| Change in assumptions                                                         | 1,374,522                            | 430,519                             |
| Total                                                                         | \$ <u>6,029,976</u>                  | <u>13,116,263</u>                   |

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

June 30, 2026 and 2025

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2026, will be recognized in OPEB expense as follows:

### **Year ended June 30, 2026**

|            |    |                    |
|------------|----|--------------------|
| 2027       | \$ | (644,585)          |
| 2028       |    | (2,498,378)        |
| 2029       |    | (2,017,850)        |
| 2030       |    | (1,293,306)        |
| 2031       |    | (168,834)          |
| Thereafter |    | (2,686,551)        |
|            | \$ | <u>(9,309,504)</u> |

As of June 30, 2025, the amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

### **Year ended June 30, 2025**

|            |    |                    |
|------------|----|--------------------|
| 2026       | \$ | (572,671)          |
| 2027       |    | 343,535            |
| 2028       |    | (1,510,258)        |
| 2029       |    | (1,029,730)        |
| 2030       |    | (305,188)          |
| Thereafter |    | (4,011,975)        |
|            | \$ | <u>(7,086,287)</u> |

#### **(d) Actuarial Assumptions**

The Authority's net OPEB liability (asset) was measured as of December 31, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2026.

The total OPEB liability in the January 1, 2026, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

|                             |                                                                                                                                                                                                                               |                     |                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| Valuation Date              | January 1, 2026                                                                                                                                                                                                               |                     |                       |
| Actuarial Cost Method       | Entry-Age Normal percentage of Salary                                                                                                                                                                                         |                     |                       |
| Amortization Method         | Level Percentage of Pay, Open                                                                                                                                                                                                 |                     |                       |
| Amortization Period         | 20 years                                                                                                                                                                                                                      |                     |                       |
| Asset Valuation Method      | Market Value                                                                                                                                                                                                                  |                     |                       |
| Actuarial Assumptions       |                                                                                                                                                                                                                               |                     |                       |
| Inflation Rate              | 2.6 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Investment rate of return   | 5.5 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Projected Salary Increases  | 3.5 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Healthcare cost trend rates | 8.0 percent in 2026, grading down to 5.75 percent over 3 years following the Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075. The Retiree Credit Matrix will increase at 5.00 percent per annum. |                     |                       |
| Participation rate          | 95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.              |                     |                       |
| Marital Status              | Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.           |                     |                       |
| Medical Claims Cost         | The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.                                                                                                                            |                     |                       |
|                             |                                                                                                                                                                                                                               | Age 65 Cost<br>Male | Age 65 Cost<br>Female |
|                             | Retiree/Spouse:                                                                                                                                                                                                               | \$25,665            | \$23,381              |
| Age Variance                | Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.                                                                                                        |                     |                       |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

The total OPEB liability in the January 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |                                                                                                                                                                                                                               |                     |                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|
| Valuation Date              | January 1, 2025                                                                                                                                                                                                               |                     |                       |
| Actuarial Cost Method       | Entry-Age Normal percentage of Salary                                                                                                                                                                                         |                     |                       |
| Amortization Method         | Level Percentage of Pay, Open                                                                                                                                                                                                 |                     |                       |
| Amortization Period         | 20 years                                                                                                                                                                                                                      |                     |                       |
| Asset Valuation Method      | Market Value                                                                                                                                                                                                                  |                     |                       |
| Actuarial Assumptions       |                                                                                                                                                                                                                               |                     |                       |
| Inflation Rate              | 2.6 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Investment rate of return   | 5.5 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Projected Salary Increases  | 3.5 percent, per annum                                                                                                                                                                                                        |                     |                       |
| Healthcare cost trend rates | 7.5 percent in 2025, grading down to 6.60 percent over 3 years following the Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075. The Retiree Credit Matrix will increase at 5.00 percent per annum. |                     |                       |
| Participation rate          | 95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.              |                     |                       |
| Marital Status              | Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.           |                     |                       |
| Medical Claims Cost         | The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.                                                                                                                            |                     |                       |
|                             |                                                                                                                                                                                                                               | Age 65 Cost<br>Male | Age 65 Cost<br>Female |
|                             | Retiree/Spouse:                                                                                                                                                                                                               | \$22,567            | \$20,558              |
| Age Variance                | Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.                                                                                                        |                     |                       |

The assumptions were updated in the January 1, 2026, valuation to reflect the following changes:

The medical trend was updated to 8.00% in 2026, grading down to 5.75% over 3 years and following the Getzen model thereafter to an ultimate trend of 4.04% in 2075. Additionally, the mortality tables were updated to the 2016 Pub. G Headcount weighted mortality tables with mortality improvement MP2021.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

**(e) Net OPEB Liability (Asset) at June 30, 2026, and June 30, 2025**

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

As of June 30, 2026, the NOA amounts are as follows:

|                                                       | Increase (Decrease)     |                      |                   |
|-------------------------------------------------------|-------------------------|----------------------|-------------------|
|                                                       | Total OPEB<br>Liability | Plan Net<br>Position | Net OPEB<br>Asset |
| Balances at December 31, 2024                         | \$ 45,861,413           | 65,541,824           | (19,680,411)      |
| Changes for the year:                                 |                         |                      |                   |
| Service cost                                          | 2,308,902               | -                    | 2,308,902         |
| Interest                                              | 2,585,585               | -                    | 2,585,585         |
| Differences between expected and<br>actual experience | 3,197,467               | -                    | 3,197,467         |
| Change of assumptions                                 | (1,077,052)             | -                    | (1,077,052)       |
| Contributions - employer                              | -                       | 659,682              | (659,682)         |
| Net investment income                                 | -                       | 9,550,447            | (9,550,447)       |
| Benefit (payments)/refunds                            | (1,159,672)             | (1,159,672)          | -                 |
| Administrative expenses                               | -                       | (199,682)            | 199,682           |
| Net Changes                                           | 5,855,230               | 8,850,775            | (2,995,545)       |
| Balances at December 31, 2025                         | \$ 51,716,643           | 74,392,599           | (22,675,956)      |

As of June 30, 2025, the NOA amounts are as follows:

|                                                       | Increase (Decrease)     |                      |                   |
|-------------------------------------------------------|-------------------------|----------------------|-------------------|
|                                                       | Total OPEB<br>Liability | Plan Net<br>Position | Net OPEB<br>Asset |
| Balances at December 31, 2023                         | \$ 44,852,580           | 57,453,877           | (12,601,297)      |
| Changes for the year:                                 |                         |                      |                   |
| Service cost                                          | 2,188,533               | -                    | 2,188,533         |
| Interest                                              | 2,530,534               | -                    | 2,530,534         |
| Differences between expected and<br>actual experience | (2,764,644)             | -                    | (2,764,644)       |
| Change of assumptions                                 | 85,817                  | -                    | 85,817            |
| Contributions - employer                              | -                       | 1,686,116            | (1,686,116)       |
| Net investment income                                 | -                       | 7,619,354            | (7,619,354)       |
| Benefit (payments)/refunds                            | (1,031,407)             | (1,031,407)          | -                 |
| Administrative expenses                               | -                       | (186,116)            | 186,116           |
| Net Changes                                           | 1,008,833               | 8,087,947            | (7,079,114)       |
| Balances at December 31, 2024                         | \$ 45,861,413           | 65,541,824           | (19,680,411)      |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

**(f) Trust Investments**

The Trust has its own investments, which are reported at fair value and are based on published prices and quotations. At the end of the calendar year, December 31, 2025, the Trust's total assets were \$75.6 million, consisting of money market funds and mutual funds.

Interest rate risk is the risk that changes in market rates of interest will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

As of December 31, 2025, the Plan had the following investments (including cash equivalents) and maturities:

| Investment<br>Type | Less than<br>one year |
|--------------------|-----------------------|
| Money Market Funds | \$ 5,089              |
| Mutual Funds       | 75,547,182            |
| Total              | \$ <u>75,552,271</u>  |

Credit risk is the risk that an issuer or other counterparties to an investment will not fulfill its obligations. The Authority emphasizes securities of high credit quality and marketability. The following table presents investments (including cash equivalents) exposure to credit risk by investment type as of December 31, 2025:

| Investment Type    | Amount               | Moody's<br>Rating | Percentage of Total<br>Investments |
|--------------------|----------------------|-------------------|------------------------------------|
| Money Market Funds | \$ 5,089             | NR                | 0.0%                               |
| Mutual Funds       | 75,547,182           | NR                | 100.0%                             |
| Total              | \$ <u>75,552,271</u> |                   | <u>100.0%</u>                      |

**(g) Long-Term Expected Rate of Return**

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

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| <u>Asset Class</u>                                     | <u>Allocation Target Range</u> | <u>Long-Term Expected Rate of Return</u> |
|--------------------------------------------------------|--------------------------------|------------------------------------------|
| U.S. Fixed Income (includes cash and cash equivalents) | 25% to 60%                     | 4.00%                                    |
| U.S. Equity                                            | 30% to 75%                     | 6.70%                                    |
| Foreign Equity                                         | 0% to 25%                      | 4.80%                                    |

**(h) Discount Rate**

The discount rate used to measure the total OPEB liability was 5.5% as of December 31, 2025 and 2024. The projections of cash flows used to determine the discount rate assumed that the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active retirees. Therefore, the long-term expected rate of return on the Plan's investments was applied to all future periods of projected benefit payments to determine the total OPEB liability.

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

The following represents the net OPEB liability (asset) of the Authority as of June 30, 2026, calculated using the stated discount rate assumption, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.5%) or 1 percentage point higher (6.5%) than the current discount rate:

| <b>Year ending December 31, 2025</b> | <b>1%<br/>Decrease</b> | <b>Current</b> | <b>1%<br/>Increase</b> |
|--------------------------------------|------------------------|----------------|------------------------|
|                                      | <hr/>                  | <hr/>          | <hr/>                  |
|                                      | 4.50%                  | 5.50%          | 6.50%                  |
| Net OPEB liability (asset)           | \$ (14,410,737)        | (22,675,956)   | (29,363,617)           |

As of June 30, 2025, the net OPEB liability (asset) of the Authority is as follows:

| <b>Year ending December 31, 2024</b> | <b>1%<br/>Decrease</b> | <b>Current</b> | <b>1%<br/>Increase</b> |
|--------------------------------------|------------------------|----------------|------------------------|
|                                      | <hr/>                  | <hr/>          | <hr/>                  |
|                                      | 4.50%                  | 5.50%          | 6.50%                  |
| Net OPEB liability (asset)           | \$ (12,209,922)        | (19,680,411)   | (25,711,207)           |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

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

The following represents the June 30, 2026, net OPEB liability (asset) of the Authority, calculated using the stated health care cost trend assumption, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a health care cost trend that is 1 percentage-point lower or 1 percentage-point higher than the current health care cost trend rates:

| Year ending December 31, 2025 | 1%<br>Decrease                               | Current                                      | 1%<br>Increase                               |
|-------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
|                               | 7.00% decreasing<br>to 4.75% over 3<br>years | 8.00% decreasing<br>to 5.75% over 3<br>years | 9.00% decreasing<br>to 6.75% over 3<br>years |
| Net OPEB liability (asset)    | \$ (29,893,446)                              | (22,675,956)                                 | (13,613,759)                                 |

As of June 30, 2025, the sensitivity of the Authority's Net OPEB liability (asset) to changes in healthcare trends is as follows:

| Year ending December 31, 2024 | 1%<br>Decrease                               | Current                                      | 1%<br>Increase                               |
|-------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
|                               | 6.50% decreasing<br>to 5.60% over 3<br>years | 7.50% decreasing<br>to 6.60% over 3<br>years | 8.50% decreasing<br>to 7.60% over 3<br>years |
| Net OPEB liability (asset)    | \$ (26,208,727)                              | (19,680,411)                                 | (11,459,155)                                 |

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

### (17) Other Long-Term Liabilities

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2026 was as follows:

|                              | <u>Balance at<br/>June 30, 2025</u> | <u>Additions</u>  | <u>Decreases</u>  | <u>Balance at<br/>June 30, 2026</u> |
|------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Project reserves             | \$ 127,712,700                      | 41,894,018        | 45,151,719        | 124,454,999                         |
| Other liabilities            | 15,682,450                          | 2,057,599         | 6,182,044         | 11,558,005                          |
| Compensated absences payable | 7,180,128                           | 6,215,940         | 6,148,999         | 7,247,069                           |
|                              | <u>\$ 150,575,278</u>               | <u>50,167,557</u> | <u>57,482,762</u> | <u>143,260,073</u>                  |

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2025 was as follows:

|                              | <u>Balance at<br/>June 30, 2024</u> | <u>Additions</u>  | <u>Decreases</u>  | <u>Balance at<br/>June 30, 2025</u> |
|------------------------------|-------------------------------------|-------------------|-------------------|-------------------------------------|
| Project reserves             | \$ 131,865,677                      | 47,204,094        | 51,357,071        | 127,712,700                         |
| Other liabilities            | 10,195,610                          | 8,396,109         | 2,909,269         | 15,682,450                          |
| Compensated absences payable | 6,900,155                           | 6,111,989         | 5,832,016         | 7,180,128                           |
|                              | <u>\$ 148,961,442</u>               | <u>61,712,192</u> | <u>60,098,356</u> | <u>150,575,278</u>                  |

### (18) Troubled Debt Restructuring

Restructuring a debt constitutes a troubled debt restructuring if the creditor, for economic or legal reasons related to the debtor's financial difficulties, grants a concession to the debtor that it would not otherwise consider. The Authority makes every effort to work with borrowers and grants concessions to debtors if the probability of payment from the debtor increases. As of June 30, 2026 and 2025, the Authority has granted the following concessions to debtors, which are considered troubled debt restructurings. There are no commitments to lend additional resources to debtors who have had a troubled debt restructuring.

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Notes to Basic Financial Statements

June 30, 2026 and 2025

| <b>Homeownership loans</b>                           | <b>Year ended June 30,</b> |             |
|------------------------------------------------------|----------------------------|-------------|
|                                                      | <b>2026</b>                | <b>2025</b> |
| Aggregated recorded balance                          | \$ 407,436,656             | 358,615,088 |
| Number of loans                                      | 2,738                      | 2,491       |
| Gross interest revenue if loans had been current     | 15,401,953                 | 13,287,253  |
| Interest revenue included in changes in net position | 14,530,169                 | 12,351,521  |

| <b>Rental housing loans</b>                          | <b>Year ended June 30,</b> |             |
|------------------------------------------------------|----------------------------|-------------|
|                                                      | <b>2026</b>                | <b>2025</b> |
| Aggregated recorded balance                          | \$ 9,080,451               | 9,249,957   |
| Number of loans                                      | 9                          | 8           |
| Gross interest revenue if loans had been current     | 792,987                    | 819,059     |
| Interest revenue included in changes in net position | 51,940                     | 77,239      |

### (19) Contingencies and Other Matters

Certain claims, suits, and complaints arising in the ordinary course of business have been filed and are pending against the Authority. In the opinion of management, all such matters are adequately covered by insurance or, if not so covered, are without merit or are of such kind or involve such amounts as would not have a material adverse effect on the basic financial statements of the Authority.

The Authority participates in several Federal financial assistance programs, the principal of which are the HUD loan guarantee programs. Although the Authority's administration of Federal grant programs has been audited in accordance with the provisions of the United States Office of Management and Budget Uniform Guidance, these programs are still subject to financial and compliance audits. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such amounts, if any, to be material in relation to its basic financial statements.

The Authority is exposed to various risks of loss, such as theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Authority carries commercial insurance for these risks. There have been no significant reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

# **VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

## **Notes to Basic Financial Statements**

June 30, 2026 and 2025

### **(20) Subsequent Events**

#### **Bond Issues and Redemptions:**

In addition to scheduled issuances and redemptions, the Authority made issuances of notes and bonds payable after June 30, 2026, as follows:

|                                                                   | <u>Settlement date</u> | <u>Amount</u>  |
|-------------------------------------------------------------------|------------------------|----------------|
| Issues:                                                           |                        |                |
| Commonwealth Mortgage Bond 2026 Series H Non-AMT                  | 7/8/2026               | \$ 150,000,000 |
| Commonwealth Mortgage Bond 2026 Series I Taxable                  | 7/8/2026               | \$ 225,000,000 |
| Commonwealth Mortgage Bond 2026 Series J Non-AMT                  | 7/8/2026               | \$ 206,340,000 |
| Rental Housing Bond 2026 Series D Non-AMT                         | 8/25/2026              | \$ 32,935,000  |
| Commonwealth Mortgage Bond 2026 Series K Taxable                  | 8/27/2026              | \$ 150,000,000 |
| Redemptions:                                                      |                        |                |
| Rental Housing Bond 2023 Series E Non-AMT                         | 8/6/2026               | \$ 10,190,000  |
| Remarkings:                                                       |                        |                |
| Commonwealth Mortgage Bond 2026 Series J Non-AMT<br>Subseries J-1 | 8/27/2026              | \$ 100,000,000 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
Required Supplementary Information  
Retiree Healthcare Plan  
Schedule of Changes in Net OPEB (Asset) Liability and  
Related Ratios  
(unaudited)  
Last 9 Calendar Years

|                                                                | 2025          | 2024         | 2023         | 2022        | 2021        | 2020        | 2019        | 2018        | 2017        |
|----------------------------------------------------------------|---------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Total OPEB Liability</b>                                    |               |              |              |             |             |             |             |             |             |
| Service Cost                                                   | \$ 2,308,902  | 2,188,533    | 2,074,439    | 1,868,469   | 1,617,167   | 1,554,370   | 1,045,841   | 984,232     | 675,928     |
| Interest                                                       | 2,585,585     | 2,530,534    | 2,737,476    | 2,567,248   | 2,324,671   | 2,160,751   | 1,753,636   | 1,608,746   | 1,419,341   |
| Differences between expected and actual experience             | 3,197,467     | (2,764,644)  | (7,702,913)  | (907,474)   | 974,668     | 5,059,834   | 1,262,503   | 1,320,653   | (228,449)   |
| Changes of assumptions                                         | (1,077,052)   | 85,817       | 45,721       | 331,586     | 142,726     | (237,815)   | (641,942)   | 370,909     | 2,830,950   |
| Benefit payments                                               | (1,159,672)   | (1,031,407)  | (970,733)    | (900,052)   | (797,549)   | (727,928)   | (640,795)   | (630,078)   | (519,345)   |
| Net change in Total OPEB Liability                             | 5,855,230     | 1,008,833    | (3,816,010)  | 2,959,777   | 4,261,683   | 7,809,212   | 2,779,243   | 3,654,462   | 4,178,425   |
| Total OPEB Liability - beginning                               | 45,861,413    | 44,852,580   | 48,668,590   | 45,708,813  | 41,447,130  | 33,637,918  | 30,858,675  | 27,204,213  | 23,025,788  |
| Total OPEB Liability - ending                                  | \$ 51,716,643 | 45,861,413   | 44,852,580   | 48,668,590  | 45,708,813  | 41,447,130  | 33,637,918  | 30,858,675  | 27,204,213  |
| <b>Plan Fiduciary Net Position</b>                             |               |              |              |             |             |             |             |             |             |
| Contributions - employer                                       | \$ 659,682    | 1,686,116    | 3,041,195    | 2,958,503   | 2,279,584   | 2,168,014   | 2,111,960   | 1,952,210   | 1,758,037   |
| Net investment income                                          | 9,550,447     | 7,619,354    | 6,392,717    | (6,208,512) | 7,153,202   | 3,649,755   | 6,362,793   | (865,732)   | 3,717,204   |
| Benefit payments                                               | (1,159,672)   | (1,031,407)  | (970,733)    | (900,052)   | (797,549)   | (727,928)   | (640,795)   | (630,078)   | (519,345)   |
| Administrative expenses                                        | (199,682)     | (186,116)    | (181,195)    | (178,198)   | (97,663)    | (127,067)   | (172,177)   | (186,925)   | (117,278)   |
| Net change in Plan Fiduciary Net Position                      | 8,850,775     | 8,087,947    | 8,281,984    | (4,328,259) | 8,537,574   | 4,962,774   | 7,661,781   | 269,475     | 4,838,618   |
| Plan Fiduciary Net Position - beginning                        | 65,541,824    | 57,453,877   | 49,171,893   | 53,500,152  | 44,962,578  | 39,999,804  | 32,338,023  | 32,068,548  | 27,229,930  |
| Plan Fiduciary Net Position - ending                           | \$ 74,392,599 | 65,541,824   | 57,453,877   | 49,171,893  | 53,500,152  | 44,962,578  | 39,999,804  | 32,338,023  | 32,068,548  |
| Net OPEB Liability (Asset) - ending                            | (22,675,956)  | (19,680,411) | (12,601,297) | (503,303)   | (7,791,339) | (3,515,448) | (6,361,886) | (1,479,348) | (4,864,335) |
| Plan Fiduciary Net Position as a % of the Total OPEB Liability | 143.8%        | 142.9%       | 128.1%       | 101.0%      | 117.0%      | 108.5%      | 118.9%      | 104.8%      | 117.9%      |
| Covered-employee payroll                                       | \$ 62,379,338 | 60,673,455   | 58,646,317   | 52,161,378  | 46,693,627  | 42,735,350  | 41,987,414  | 37,467,939  | 33,966,194  |
| Net OPEB Liability as a % of covered-employee payroll          | -36.4%        | -32.4%       | -21.5%       | -1.0%       | -16.7%      | -8.2%       | -15.2%      | -3.9%       | -14.3%      |

See accompanying independent auditors' report.

(1) This schedule should present 10 years of data; however, the information prior to 2017 is not readily available.

(2) There were no changes in benefit terms for years ended 2025 through 2017.

(3) Assumptions for year ended 2025 through 2017 were updated to reflect changes in the mortality rates, medical trends, and aging assumptions.

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Required Supplementary Information

## Retiree Healthcare Plan

## Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios

(unaudited)

Last 9 Calendar Years

|                                                                      |    | 2025       | 2024        | 2023        | 2022        | 2021        | 2020       | 2019        | 2018        | 2017        |
|----------------------------------------------------------------------|----|------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|
| Actuarially determined contribution                                  | \$ | -          | -           | -           | 1,415,861   | -           | 1,310,144  | 555,921     | 890,416     | 297,975     |
| Contributions in relation to the actuarially determined contribution |    | 659,682    | 1,686,116   | 3,041,195   | 2,958,503   | 2,279,584   | 2,168,014  | 2,111,960   | 1,952,210   | 1,758,037   |
| Contribution deficiency (excess)                                     | \$ | (659,682)  | (1,686,116) | (3,041,195) | (1,542,642) | (2,279,584) | (857,870)  | (1,556,039) | (1,061,794) | (1,460,062) |
| Covered-employee payroll                                             | \$ | 62,379,338 | 60,673,455  | 58,646,317  | 52,161,378  | 46,693,627  | 42,735,350 | 41,987,414  | 37,467,939  | 33,966,194  |
| Contributions as a % of covered-employee payroll                     |    | 1.1%       | 2.8%        | 5.2%        | 5.7%        | 4.9%        | 5.1%       | 5.0%        | 5.2%        | 5.2%        |

See accompanying independent auditors' report.

- (1) This schedule should present 10 years of data; however, the information prior to 2017 is not readily available.
- (2) Contributions made to the Plan in 2025 to 2017 were in excess of the actuarial annual required contributions.
- (3) The actuarial contribution rate is determined based on the same assumptions as the actuarial liability with a valuation date as of January 1, 2026 using the following actuarial assumptions as discussed in Note 15:

|                             |                                                                                                                                                                                                                               |             |             |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| Valuation Date              | January 1, 2026                                                                                                                                                                                                               |             |             |
| Actuarial Cost Method       | Entry-Age Normal percentage of Salary                                                                                                                                                                                         |             |             |
| Amortization Method         | Level Percentage of Pay, Open                                                                                                                                                                                                 |             |             |
| Amortization Period         | 20 years                                                                                                                                                                                                                      |             |             |
| Asset Valuation Method      | Market Value                                                                                                                                                                                                                  |             |             |
| Actuarial Assumptions       |                                                                                                                                                                                                                               |             |             |
| Inflation Rate              | 2.6 percent, per annum                                                                                                                                                                                                        |             |             |
| Investment rate of return   | 5.5 percent, per annum                                                                                                                                                                                                        |             |             |
| Projected Salary Increases  | 3.5 percent, per annum                                                                                                                                                                                                        |             |             |
| Healthcare cost trend rates | 8.0 percent in 2026, grading down to 5.75 percent over 3 years following the Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075. The Retiree Credit Matrix will increase at 5.00 percent per annum. |             |             |
| Participation rate          | 95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 95 percent of fully eligible post-65 active employees are assumed to elect coverage upon retirement.              |             |             |
| Marital Status              | Actual spouse participation and dates of birth were used for retirees; 65 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their spouses.           |             |             |
| Medical Claims Cost         | The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age.                                                                                                                            |             |             |
|                             |                                                                                                                                                                                                                               | Age 65 Cost | Age 65 Cost |
|                             |                                                                                                                                                                                                                               | Male        | Female      |
|                             | Retiree/Spouse:                                                                                                                                                                                                               | \$25,665    | \$23,381    |
| Age Variance                | Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.                                                                                                        |             |             |

## Schedule 3

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

Combining Schedule of Net Position

June 30, 2026

|                                                                                   | General<br>Operating<br>Accounts | Rental<br>Housing<br>Bond<br>Group | Commonwealth<br>Mortgage<br>Bond<br>Group | Home-<br>ownership<br>Bond<br>Group | Total                 |
|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------|-------------------------------------------|-------------------------------------|-----------------------|
| <b>Assets</b>                                                                     |                                  |                                    |                                           |                                     |                       |
| Current assets:                                                                   |                                  |                                    |                                           |                                     |                       |
| Cash and cash equivalents                                                         | \$ 213,417,743                   | 913,351,693                        | 412,031,193                               | 15,525,238                          | 1,554,325,867         |
| Investments                                                                       | 35,487,005                       | 229,530,884                        | 97,070,179                                | 3,852,431                           | 365,940,499           |
| Interest receivable – investments                                                 | 2,840,920                        | 10,290,075                         | 5,806,819                                 | 148,715                             | 19,086,529            |
| Mortgage loans held for sale                                                      | -                                | -                                  | 42,629,113                                | -                                   | 42,629,113            |
| Mortgage and other loans receivable, net                                          | 13,138,459                       | 110,339,753                        | 97,268,191                                | 3,838,253                           | 224,584,656           |
| Interest receivable – mortgage and other loans                                    | 1,119,141                        | 22,285,783                         | 14,767,017                                | 212,899                             | 38,384,840            |
| Other real estate owned                                                           | 7,451,106                        | 33,947,554                         | 3,656,595                                 | 122,399                             | 45,177,654            |
| Other assets                                                                      | 18,305,445                       | 390,948                            | -                                         | -                                   | 18,696,393            |
| Total current assets                                                              | 291,759,819                      | 1,320,136,690                      | 673,229,107                               | 23,699,935                          | 2,308,825,551         |
| Noncurrent assets:                                                                |                                  |                                    |                                           |                                     |                       |
| Investments                                                                       | 466,532,218                      | -                                  | 112,963,939                               | -                                   | 579,496,157           |
| Mortgage and other loans receivable, net                                          | 522,171,669                      | 5,663,591,411                      | 4,258,569,135                             | 75,478,614                          | 10,519,810,829        |
| Capital assets, net                                                               | 34,431,547                       | 4,833,286                          | -                                         | -                                   | 39,264,833            |
| Mortgage servicing rights, net                                                    | 12,445,885                       | -                                  | -                                         | -                                   | 12,445,885            |
| Other assets                                                                      | 40,491,626                       | -                                  | -                                         | -                                   | 40,491,626            |
| Total noncurrent assets                                                           | 1,076,072,945                    | 5,668,424,697                      | 4,371,533,074                             | 75,478,614                          | 11,191,509,330        |
| <b>Total assets</b>                                                               | <b>1,367,832,764</b>             | <b>6,988,561,387</b>               | <b>5,044,762,181</b>                      | <b>99,178,549</b>                   | <b>13,500,334,881</b> |
| <b>Deferred outflows of resources</b>                                             |                                  |                                    |                                           |                                     |                       |
| Other postemployment benefits - change in assumptions                             | 1,035,375                        | -                                  | -                                         | -                                   | 1,035,375             |
| Other postemployment benefits - difference between expected and actual experience | 6,824,535                        | -                                  | -                                         | -                                   | 6,824,535             |
| Total Deferred outflows of resources                                              | 7,859,910                        | -                                  | -                                         | -                                   | 7,859,910             |

## Schedule 3

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

Combining Schedule of Net Position

June 30, 2026

|                                                                                   | General<br>Operating<br>Accounts | Rental<br>Housing<br>Bond<br>Group | Commonwealth<br>Mortgage<br>Bond<br>Group | Home-<br>ownership<br>Bond<br>Group | Total         |
|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------|-------------------------------------------|-------------------------------------|---------------|
| <b>Liabilities</b>                                                                |                                  |                                    |                                           |                                     |               |
| Current liabilities:                                                              |                                  |                                    |                                           |                                     |               |
| Notes and bonds payable                                                           | 370,000,000                      | 100,420,000                        | 91,850,104                                | 1,455,323                           | 563,725,427   |
| Accrued interest payable on notes and bonds                                       | 742,034                          | 46,114,136                         | 58,019,635                                | 74,781                              | 104,950,586   |
| Escrows                                                                           | 61,326,696                       | -                                  | -                                         | -                                   | 61,326,696    |
| Derivative instruments                                                            | -                                | -                                  | 130,508                                   | -                                   | 130,508       |
| Accounts payable and other liabilities                                            | 50,319,376                       | 852,963                            | 458                                       | -                                   | 51,172,797    |
| Total current liabilities                                                         | 482,388,106                      | 147,387,099                        | 150,000,705                               | 1,530,104                           | 781,306,014   |
| Noncurrent liabilities:                                                           |                                  |                                    |                                           |                                     |               |
| Bonds payable, net                                                                | -                                | 5,071,716,341                      | 3,355,998,550                             | 26,156,185                          | 8,453,871,076 |
| Project reserves                                                                  | 124,454,999                      | -                                  | -                                         | -                                   | 124,454,999   |
| Loan participation payable to Federal Financing Bank                              | 31,411,376                       | -                                  | -                                         | -                                   | 31,411,376    |
| Other liabilities                                                                 | 16,641,047                       | 1,724,795                          | 439,232                                   | -                                   | 18,805,074    |
| Total noncurrent liabilities                                                      | 172,507,422                      | 5,073,441,136                      | 3,356,437,782                             | 26,156,185                          | 8,628,542,525 |
| <b>Total liabilities</b>                                                          | 654,895,528                      | 5,220,828,235                      | 3,506,438,487                             | 27,686,289                          | 9,409,848,539 |
| <b>Deferred inflows of resources</b>                                              |                                  |                                    |                                           |                                     |               |
| Deferred fees and points on multifamily loans                                     | 536,101                          | 67,700,607                         | -                                         | -                                   | 68,236,708    |
| Other postemployment benefits - change in assumptions                             | 1,331,481                        | -                                  | -                                         | -                                   | 1,331,481     |
| Other postemployment benefits - difference between expected and actual experience | 8,898,974                        | -                                  | -                                         | -                                   | 8,898,974     |
| Other postemployment benefits - difference between projected and actual earning   | 6,938,959                        | -                                  | -                                         | -                                   | 6,938,959     |
| <b>Total deferred inflows of resources</b>                                        | 17,705,515                       | 67,700,607                         | -                                         | -                                   | 85,406,122    |
| <b>Net position:</b>                                                              |                                  |                                    |                                           |                                     |               |
| Net investment in capital assets                                                  | 18,560,452                       | (200,006)                          | -                                         | -                                   | 18,360,446    |
| Restricted OPEB asset                                                             | 22,675,956                       | -                                  | -                                         | -                                   | 22,675,956    |
| Restricted by bond indentures                                                     | -                                | 1,700,232,551                      | 1,538,323,694                             | 71,492,260                          | 3,310,048,505 |
| Unrestricted                                                                      | 661,855,223                      | -                                  | -                                         | -                                   | 661,855,223   |
| <b>Total net position</b>                                                         | \$ 703,091,631                   | 1,700,032,545                      | 1,538,323,694                             | 71,492,260                          | 4,012,940,130 |

See accompanying independent auditors' report.

**Schedule 4**

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Year ended June 30, 2026

|                                                                  | <b>General<br/>Operating<br/>Accounts</b> | <b>Rental<br/>Housing<br/>Bond<br/>Group</b> | <b>Commonwealth<br/>Mortgage<br/>Bond<br/>Group</b> | <b>Home-<br/>ownership<br/>Bond<br/>Group</b> | <b>Total</b>         |
|------------------------------------------------------------------|-------------------------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------|----------------------|
| <b>Operating revenues:</b>                                       |                                           |                                              |                                                     |                                               |                      |
| Interest on mortgage and other loans receivable                  | \$ 18,806,804                             | 257,866,311                                  | 219,022,046                                         | 3,439,966                                     | 499,135,127          |
| Housing Choice Voucher program administrative income             | 15,516,553                                | -                                            | -                                                   | -                                             | 15,516,553           |
| Other real estate owned income                                   | -                                         | 245,450                                      | -                                                   | -                                             | 245,450              |
| Gains and recoveries on sale of other real estate owned          | 570,773                                   | -                                            | 396,655                                             | -                                             | 967,428              |
| Gains on sale of single family mortgage loans                    | -                                         | -                                            | 11,600,898                                          | -                                             | 11,600,898           |
| Mortgage servicing fees net of guaranty fees                     | 38,001,736                                | -                                            | -                                                   | -                                             | 38,001,736           |
| Tax credit program fees earned                                   | 12,883,245                                | -                                            | -                                                   | -                                             | 12,883,245           |
| Other                                                            | 656,622                                   | 13,591,028                                   | 30,388                                              | -                                             | 14,278,038           |
| Total operating revenues                                         | <u>86,435,733</u>                         | <u>271,702,789</u>                           | <u>231,049,987</u>                                  | <u>3,439,966</u>                              | <u>592,628,475</u>   |
| <b>Operating expenses:</b>                                       |                                           |                                              |                                                     |                                               |                      |
| Salaries and related employee benefits                           | 86,347,198                                | -                                            | -                                                   | -                                             | 86,347,198           |
| General operating expenses                                       | 41,970,760                                | -                                            | 4,188                                               | -                                             | 41,974,948           |
| Housing Choice Voucher program expenses                          | 10,684,070                                | -                                            | -                                                   | -                                             | 10,684,070           |
| Mortgage servicing rights amortization and other servicing costs | 13,706,469                                | -                                            | 24,101,031                                          | -                                             | 37,807,500           |
| Losses on other real estate owned                                | 1,939,525                                 | -                                            | 321,815                                             | 5,714                                         | 2,267,054            |
| Provision for loan losses                                        | (7,237,514)                               | 20,287,173                                   | 11,841,462                                          | (164,454)                                     | 24,726,667           |
| Total operating expenses                                         | <u>147,410,508</u>                        | <u>20,287,173</u>                            | <u>36,268,496</u>                                   | <u>(158,740)</u>                              | <u>203,807,437</u>   |
| Operating income (loss)                                          | <u>(60,974,775)</u>                       | <u>251,415,616</u>                           | <u>194,781,491</u>                                  | <u>3,598,706</u>                              | <u>388,821,038</u>   |
| <b>Noncapital subsidies:</b>                                     |                                           |                                              |                                                     |                                               |                      |
| Grant expenses                                                   | (90,807,421)                              | -                                            | -                                                   | -                                             | (90,807,421)         |
| Transfers in                                                     | 265,262,869                               | 519,755                                      | -                                                   | 28,808                                        | 265,811,432          |
| Transfers out                                                    | (13,698,962)                              | (129,101,889)                                | (123,010,581)                                       | -                                             | (265,811,432)        |
| Total noncapital subsidies                                       | <u>160,756,486</u>                        | <u>(128,582,134)</u>                         | <u>(123,010,581)</u>                                | <u>28,808</u>                                 | <u>(90,807,421)</u>  |
| Operating income and noncapital subsidies                        | <u>99,781,711</u>                         | <u>122,833,482</u>                           | <u>71,770,910</u>                                   | <u>3,627,514</u>                              | <u>298,013,617</u>   |
| <b>Other nonoperating revenues and expenses:</b>                 |                                           |                                              |                                                     |                                               |                      |
| Investment earnings:                                             |                                           |                                              |                                                     |                                               |                      |
| Investment income                                                | 21,260,886                                | 49,515,366                                   | 34,976,671                                          | 597,220                                       | 106,350,143          |
| Realized loss on investments                                     | (2,602)                                   | -                                            | -                                                   | -                                             | (2,602)              |
| Unrealized loss on investments                                   | 2,454,228                                 | 548,800                                      | 5,832,217                                           | 25,501                                        | 8,860,746            |
| Interest on notes and bonds payable                              | (16,337,259)                              | (188,543,543)                                | (146,227,300)                                       | (938,410)                                     | (352,046,512)        |
| Bond issuance and financing expenses                             | (1,890,338)                               | (2,704,462)                                  | (6,746,180)                                         | -                                             | (11,340,980)         |
| Pass-through grant awards                                        | 113,380,151                               | -                                            | -                                                   | -                                             | 113,380,151          |
| Pass-through grants expenses                                     | (113,380,151)                             | -                                            | -                                                   | -                                             | (113,380,151)        |
| Total other nonoperating revenues and expenses                   | <u>5,484,915</u>                          | <u>(141,183,839)</u>                         | <u>(112,164,592)</u>                                | <u>(315,689)</u>                              | <u>(248,179,205)</u> |
| Increase (decrease) in fund net position                         | <u>105,266,626</u>                        | <u>(18,350,357)</u>                          | <u>(40,393,682)</u>                                 | <u>3,311,825</u>                              | <u>49,834,412</u>    |
| Total fund net position, beginning of year                       | <u>597,825,005</u>                        | <u>1,718,382,902</u>                         | <u>1,578,717,376</u>                                | <u>68,180,435</u>                             | <u>3,963,105,718</u> |
| Total fund net position, end of year                             | <u>\$ 703,091,631</u>                     | <u>1,700,032,545</u>                         | <u>1,538,323,694</u>                                | <u>71,492,260</u>                             | <u>4,012,940,130</u> |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Combining Schedule of Fiduciary Net Position

Fiduciary Funds – Custodial Funds

June 30, 2026

|                                                | <b>Escrow Funds<br/>(GNMA, FNMA,<br/>FHLMC, Habitat)</b> | <b>Commonwealth<br/>Priority Housing<br/>Fund</b> | <b>Virginia Housing<br/>Trust Fund</b> | <b>National<br/>Housing Trust<br/>Fund</b> | <b>Total Custodial<br/>Funds</b> |
|------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|----------------------------------------|--------------------------------------------|----------------------------------|
| <b>ASSETS</b>                                  |                                                          |                                                   |                                        |                                            |                                  |
| Current assets:                                |                                                          |                                                   |                                        |                                            |                                  |
| Cash and cash equivalents                      | \$ 89,301,420                                            | 6,066,163                                         | 13,328,611                             | 2,431,239                                  | 111,127,433                      |
| Interest receivable - investments              | -                                                        | 43,932                                            | 97,222                                 | 11,627                                     | 152,781                          |
| Interest receivable - mortgage and other loans | -                                                        | 71,115                                            | 141,016                                | 30,863                                     | 242,994                          |
| Other assets                                   | -                                                        | 212                                               | -                                      | -                                          | 212                              |
| Total current assets                           | <u>89,301,420</u>                                        | <u>6,181,422</u>                                  | <u>13,566,849</u>                      | <u>2,473,729</u>                           | <u>111,523,420</u>               |
| Noncurrent assets:                             |                                                          |                                                   |                                        |                                            |                                  |
| Mortgage and other loans receivable            | -                                                        | 1,631,558                                         | -                                      | -                                          | 1,631,558                        |
| Total noncurrent assets                        | <u>-</u>                                                 | <u>1,631,558</u>                                  | <u>-</u>                               | <u>-</u>                                   | <u>1,631,558</u>                 |
| Total assets                                   | <u>89,301,420</u>                                        | <u>7,812,980</u>                                  | <u>13,566,849</u>                      | <u>2,473,729</u>                           | <u>113,154,978</u>               |
| <b>LIABILITIES</b>                             |                                                          |                                                   |                                        |                                            |                                  |
| Other liabilities                              | -                                                        | 2,642,596                                         | 12,545,461                             | 2,159,456                                  | 17,347,513                       |
| Total liabilities                              | <u>-</u>                                                 | <u>2,642,596</u>                                  | <u>12,545,461</u>                      | <u>2,159,456</u>                           | <u>17,347,513</u>                |
| <b>NET POSITION</b>                            |                                                          |                                                   |                                        |                                            |                                  |
| Restricted for:                                |                                                          |                                                   |                                        |                                            |                                  |
| Funds held in escrow                           | 89,301,420                                               | -                                                 | -                                      | -                                          | 89,301,420                       |
| Other governmental agency                      | -                                                        | 5,170,384                                         | 1,021,388                              | 314,273                                    | 6,506,045                        |
| Total Net Position                             | <u>\$ 89,301,420</u>                                     | <u>5,170,384</u>                                  | <u>1,021,388</u>                       | <u>314,273</u>                             | <u>95,807,465</u>                |

Schedule 6

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
Year Ended June 30, 2026

|                                        | <b>Escrow Funds<br/>(GNMA, FNMA,<br/>FHLMC, Habitat)</b> | <b>Commonwealth<br/>Priority Housing<br/>Fund</b> | <b>Virginia Housing<br/>Trust Fund</b> | <b>National Housing<br/>Trust Fund</b> | <b>Total Custodial<br/>Funds</b> |
|----------------------------------------|----------------------------------------------------------|---------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|
| <b>ADDITIONS</b>                       |                                                          |                                                   |                                        |                                        |                                  |
| Contribution:                          |                                                          |                                                   |                                        |                                        |                                  |
| Borrower payments                      | \$ 1,790,087,128                                         | -                                                 | -                                      | -                                      | 1,790,087,128                    |
| Total Contributions                    | <u>1,790,087,128</u>                                     | <u>-</u>                                          | <u>-</u>                               | <u>-</u>                               | <u>1,790,087,128</u>             |
| Investment earnings:                   |                                                          |                                                   |                                        |                                        |                                  |
| Interest, dividends, and other         | -                                                        | 1,204,340                                         | 1,423,703                              | 430,814                                | 3,058,857                        |
| Total investment earnings              | <u>-</u>                                                 | <u>1,204,340</u>                                  | <u>1,423,703</u>                       | <u>430,814</u>                         | <u>3,058,857</u>                 |
| Total additions                        | <u>1,790,087,128</u>                                     | <u>1,204,340</u>                                  | <u>1,423,703</u>                       | <u>430,814</u>                         | <u>1,793,145,985</u>             |
| <b>DEDUCTIONS</b>                      |                                                          |                                                   |                                        |                                        |                                  |
| Other governmental agency              | -                                                        | 1,053,605                                         | 1,098,860                              | 399,187                                | 2,551,652                        |
| Disbursement of escrow funds           | <u>1,778,791,618</u>                                     | <u>-</u>                                          | <u>-</u>                               | <u>-</u>                               | <u>1,778,791,618</u>             |
| Total deductions                       | <u>1,778,791,618</u>                                     | <u>1,053,605</u>                                  | <u>1,098,860</u>                       | <u>399,187</u>                         | <u>1,781,343,270</u>             |
| Net increase in fiduciary net position | 11,295,510                                               | 150,735                                           | 324,843                                | 31,627                                 | 11,802,715                       |
| Net position - beginning of year       | <u>78,005,910</u>                                        | <u>5,019,649</u>                                  | <u>696,545</u>                         | <u>282,646</u>                         | <u>84,004,750</u>                |
| Net position - end of year             | <u>\$ 89,301,420</u>                                     | <u>5,170,384</u>                                  | <u>1,021,388</u>                       | <u>314,273</u>                         | <u>95,807,465</u>                |

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

Combining Schedule of Net Position

June 30, 2025

|                                                                                   | General<br>Operating<br>Accounts | Rental<br>Housing<br>Bond<br>Group | Commonwealth<br>Mortgage<br>Bond<br>Group | Home-<br>ownership<br>Bond<br>Group | Total                 |
|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------|-------------------------------------------|-------------------------------------|-----------------------|
| <b>Assets</b>                                                                     |                                  |                                    |                                           |                                     |                       |
| Current assets:                                                                   |                                  |                                    |                                           |                                     |                       |
| Cash and cash equivalents                                                         | \$ 173,685,570                   | 901,405,982                        | 628,475,419                               | 8,297,088                           | 1,711,864,059         |
| Investments                                                                       | 46,336,549                       | 339,918,285                        | 230,020,732                               | 3,097,434                           | 619,373,000           |
| Interest receivable – investments                                                 | 3,413,277                        | 13,470,936                         | 9,625,067                                 | 161,949                             | 26,671,229            |
| Mortgage loans held for sale                                                      | -                                | -                                  | 79,589,598                                | -                                   | 79,589,598            |
| Mortgage and other loans receivable, net                                          | 11,658,664                       | 105,598,660                        | 80,506,216                                | 3,923,262                           | 201,686,802           |
| Interest receivable – mortgage and other loans                                    | 1,122,797                        | 22,005,768                         | 10,921,732                                | 246,647                             | 34,296,944            |
| Other real estate owned                                                           | 5,426,940                        | -                                  | 864,716                                   | -                                   | 6,291,656             |
| Other assets                                                                      | 16,285,002                       | -                                  | -                                         | -                                   | 16,285,002            |
| Total current assets                                                              | 257,928,799                      | 1,382,399,631                      | 1,040,003,480                             | 15,726,380                          | 2,696,058,290         |
| Noncurrent assets:                                                                |                                  |                                    |                                           |                                     |                       |
| Investments                                                                       | 494,303,350                      | -                                  | 145,729,759                               | -                                   | 640,033,109           |
| Mortgage and other loans receivable, net                                          | 453,545,913                      | 5,376,927,213                      | 3,012,477,400                             | 83,514,824                          | 8,926,465,350         |
| Capital assets, net                                                               | 27,422,531                       | 5,529,720                          | -                                         | -                                   | 32,952,251            |
| Mortgage servicing rights, net                                                    | 17,466,412                       | -                                  | -                                         | -                                   | 17,466,412            |
| Other assets                                                                      | 37,155,327                       | -                                  | -                                         | -                                   | 37,155,327            |
| Total noncurrent assets                                                           | 1,029,893,533                    | 5,382,456,933                      | 3,158,207,159                             | 83,514,824                          | 9,654,072,449         |
| <b>Total assets</b>                                                               | <b>1,287,822,332</b>             | <b>6,764,856,564</b>               | <b>4,198,210,639</b>                      | <b>99,241,204</b>                   | <b>12,350,130,739</b> |
| <b>Deferred outflows of resources</b>                                             |                                  |                                    |                                           |                                     |                       |
| Other postemployment benefits - change in assumptions                             | 1,374,522                        | -                                  | -                                         | -                                   | 1,374,522             |
| Other postemployment benefits - difference between expected and actual experience | 4,655,454                        | -                                  | -                                         | -                                   | 4,655,454             |
| Total Deferred outflows of resources                                              | 6,029,976                        | -                                  | -                                         | -                                   | 6,029,976             |

**Schedule 7**

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Combining Schedule of Net Position

June 30, 2025

|                                                                                   | General<br>Operating<br>Accounts | Rental<br>Housing<br>Bond<br>Group | Commonwealth<br>Mortgage<br>Bond<br>Group | Home-<br>ownership<br>Bond<br>Group | Total         |
|-----------------------------------------------------------------------------------|----------------------------------|------------------------------------|-------------------------------------------|-------------------------------------|---------------|
| <b>Liabilities</b>                                                                |                                  |                                    |                                           |                                     |               |
| Current liabilities:                                                              |                                  |                                    |                                           |                                     |               |
| Notes and bonds payable                                                           | 400,000,000                      | 95,900,000                         | 207,345,572                               | 1,484,368                           | 704,729,940   |
| Accrued interest payable on notes and bonds                                       | 996,361                          | 42,548,986                         | 33,560,798                                | 83,896                              | 77,190,041    |
| Escrows                                                                           | 50,997,689                       | -                                  | -                                         | -                                   | 50,997,689    |
| Federal grant awards held                                                         | 1,334,590                        | -                                  | -                                         | -                                   | 1,334,590     |
| Derivative instruments                                                            | -                                | -                                  | 575,152                                   | -                                   | 575,152       |
| Accounts payable and other liabilities                                            | 49,242,256                       | -                                  | 3,485                                     | -                                   | 49,245,741    |
| Total current liabilities                                                         | 502,570,896                      | 138,448,986                        | 241,485,007                               | 1,568,264                           | 884,073,153   |
| Noncurrent liabilities:                                                           |                                  |                                    |                                           |                                     |               |
| Bonds payable, net                                                                | -                                | 4,838,927,750                      | 2,377,941,957                             | 29,492,505                          | 7,246,362,212 |
| Project reserves                                                                  | 127,712,700                      | -                                  | -                                         | -                                   | 127,712,700   |
| Loan participation payable to Federal Financing Bank                              | 32,316,895                       | -                                  | -                                         | -                                   | 32,316,895    |
| Other liabilities                                                                 | 19,748,979                       | 3,047,300                          | 66,299                                    | -                                   | 22,862,578    |
| Total noncurrent liabilities                                                      | 179,778,574                      | 4,841,975,050                      | 2,378,008,256                             | 29,492,505                          | 7,429,254,385 |
| <b>Total liabilities</b>                                                          | 682,349,470                      | 4,980,424,036                      | 2,619,493,263                             | 31,060,769                          | 8,313,327,538 |
| <b>Deferred inflows of resources</b>                                              |                                  |                                    |                                           |                                     |               |
| Deferred fees and points on multifamily loans                                     | 561,570                          | 66,049,626                         | -                                         | -                                   | 66,611,196    |
| Other postemployment benefits - change in assumptions                             | 430,519                          | -                                  | -                                         | -                                   | 430,519       |
| Other postemployment benefits - difference between expected and actual experience | 9,812,467                        | -                                  | -                                         | -                                   | 9,812,467     |
| Other postemployment benefits - difference between projected and actual earning   | 2,873,277                        | -                                  | -                                         | -                                   | 2,873,277     |
| <b>Total deferred inflows of resources</b>                                        | 13,677,833                       | 66,049,626                         | -                                         | -                                   | 79,727,459    |
| <b>Net position:</b>                                                              |                                  |                                    |                                           |                                     |               |
| Net investment in capital assets                                                  | 8,605,152                        | (719,760)                          | -                                         | -                                   | 7,885,392     |
| Restricted OPEB asset                                                             | 19,680,411                       | -                                  | -                                         | -                                   | 19,680,411    |
| Restricted by bond indentures                                                     | -                                | 1,719,102,662                      | 1,578,717,376                             | 68,180,435                          | 3,366,000,473 |
| Unrestricted                                                                      | 569,539,442                      | -                                  | -                                         | -                                   | 569,539,442   |
| <b>Total net position</b>                                                         | \$ 597,825,005                   | 1,718,382,902                      | 1,578,717,376                             | 68,180,435                          | 3,963,105,718 |

## Schedule 8

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Year ended June 30, 2025

|                                                                  | <b>General<br/>Operating<br/>Accounts</b> | <b>Rental<br/>Housing<br/>Bond<br/>Group</b> | <b>Commonwealth<br/>Mortgage<br/>Bond<br/>Group</b> | <b>Home-<br/>ownership<br/>Bond<br/>Group</b> | <b>Total</b>  |
|------------------------------------------------------------------|-------------------------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------|---------------|
| <b>Operating revenues:</b>                                       |                                           |                                              |                                                     |                                               |               |
| Interest on mortgage and other loans receivable                  | \$ 18,500,642                             | 244,287,847                                  | 155,568,190                                         | 3,834,492                                     | 422,191,171   |
| Housing Choice Voucher program administrative income             | 10,254,976                                | -                                            | -                                                   | -                                             | 10,254,976    |
| Gains and recoveries on sale of other real estate owned          | 595,248                                   | -                                            | 187,164                                             | -                                             | 782,412       |
| Gains on sale of single family mortgage loans                    | -                                         | -                                            | 9,542,314                                           | -                                             | 9,542,314     |
| Mortgage servicing fees net of guaranty fees                     | 41,263,706                                | -                                            | -                                                   | -                                             | 41,263,706    |
| Tax credit program fees earned                                   | 12,034,028                                | -                                            | -                                                   | -                                             | 12,034,028    |
| Other                                                            | 1,754,132                                 | 10,025,619                                   | 30,507                                              | -                                             | 11,810,258    |
| Total operating revenues                                         | 84,402,732                                | 254,313,466                                  | 165,328,175                                         | 3,834,492                                     | 507,878,865   |
| <b>Operating expenses:</b>                                       |                                           |                                              |                                                     |                                               |               |
| Salaries and related employee benefits                           | 86,088,065                                | -                                            | -                                                   | -                                             | 86,088,065    |
| General operating expenses                                       | 38,047,842                                | -                                            | 2,192                                               | -                                             | 38,050,034    |
| Housing Choice Voucher program expenses                          | 7,287,445                                 | -                                            | -                                                   | -                                             | 7,287,445     |
| Mortgage servicing rights amortization and other servicing costs | 16,962,482                                | -                                            | 16,838,135                                          | -                                             | 33,800,617    |
| Losses on other real estate owned                                | 1,178,386                                 | -                                            | 274,661                                             | 12,790                                        | 1,465,837     |
| Provision for loan losses                                        | (7,410,441)                               | 3,598,985                                    | 13,455,487                                          | (11,044)                                      | 9,632,987     |
| Total operating expenses                                         | 142,153,779                               | 3,598,985                                    | 30,570,475                                          | 1,746                                         | 176,324,985   |
| Operating income (loss)                                          | (57,751,047)                              | 250,714,481                                  | 134,757,700                                         | 3,832,746                                     | 331,553,880   |
| <b>Noncapital subsidies:</b>                                     |                                           |                                              |                                                     |                                               |               |
| Grant expenses                                                   | (64,661,005)                              | -                                            | -                                                   | -                                             | (64,661,005)  |
| Transfers in                                                     | 204,934,087                               | 382,288                                      | -                                                   | -                                             | 205,316,375   |
| Transfers out                                                    | (20,371,641)                              | (83,707,197)                                 | (60,269,334)                                        | (40,968,203)                                  | (205,316,375) |
| Total noncapital subsidies                                       | 119,901,441                               | (83,324,909)                                 | (60,269,334)                                        | (40,968,203)                                  | (64,661,005)  |
| Operating income (loss) and noncapital subsidies                 | 62,150,394                                | 167,389,572                                  | 74,488,366                                          | (37,135,457)                                  | 266,892,875   |
| <b>Other nonoperating revenues and expenses:</b>                 |                                           |                                              |                                                     |                                               |               |
| Investment earnings:                                             |                                           |                                              |                                                     |                                               |               |
| Investment income                                                | 21,920,947                                | 50,595,698                                   | 46,612,143                                          | 1,257,934                                     | 120,386,722   |
| Realized loss on investments                                     | (3,003)                                   | -                                            | -                                                   | -                                             | (3,003)       |
| Unrealized gain (loss) on investments                            | 2,705,841                                 | 899,633                                      | 9,453,793                                           | (37,584)                                      | 13,021,683    |
| Interest on notes and bonds payable                              | (19,888,291)                              | (167,516,876)                                | (96,913,660)                                        | (1,060,416)                                   | (285,379,243) |
| Bond issuance and financing expenses                             | (1,450,886)                               | (4,235,432)                                  | (5,598,716)                                         | -                                             | (11,285,034)  |
| Pass-through grant awards                                        | 112,112,431                               | -                                            | -                                                   | -                                             | 112,112,431   |
| Pass-through grants expenses                                     | (112,112,431)                             | -                                            | -                                                   | -                                             | (112,112,431) |
| Total other nonoperating revenues and expenses                   | 3,284,608                                 | (120,256,977)                                | (46,446,440)                                        | 159,934.00                                    | (163,258,875) |
| Increase (decrease) in fund net position                         | 65,435,002                                | 47,132,595                                   | 28,041,926                                          | (36,975,523)                                  | 103,634,000   |
| Total fund net position, beginning of year                       | 532,390,003                               | 1,671,250,307                                | 1,550,675,450                                       | 105,155,958                                   | 3,859,471,718 |
| Total fund net position, end of year                             | \$ 597,825,005                            | 1,718,382,902                                | 1,578,717,376                                       | 68,180,435                                    | 3,963,105,718 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

Combining Schedule of Fiduciary Net Position

Fiduciary Funds – Custodial Funds

June 30, 2025

|                                                | <b>Escrow Funds<br/>(GNMA, FNMA,<br/>FHLMC, Habitat)</b> | <b>Commonwealth<br/>Priority Housing<br/>Fund</b> | <b>Virginia Housing<br/>Trust Fund</b> | <b>National<br/>Housing Trust<br/>Fund</b> | <b>Total Custodial<br/>Funds</b> |
|------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|----------------------------------------|--------------------------------------------|----------------------------------|
| <b>ASSETS</b>                                  |                                                          |                                                   |                                        |                                            |                                  |
| Current assets:                                |                                                          |                                                   |                                        |                                            |                                  |
| Cash and cash equivalents                      | \$ 78,005,910                                            | 3,998,996                                         | 8,139,960                              | 1,578,747                                  | 91,723,613                       |
| Interest receivable - investments              | -                                                        | 51,958                                            | 76,724                                 | 23,003                                     | 151,685                          |
| Interest receivable - mortgage and other loans | -                                                        | 68,280                                            | 106,812                                | 20,058                                     | 195,150                          |
| Other assets                                   | -                                                        | 213                                               | -                                      | -                                          | 213                              |
| Total current assets                           | <u>78,005,910</u>                                        | <u>4,119,447</u>                                  | <u>8,323,496</u>                       | <u>1,621,808</u>                           | <u>92,070,661</u>                |
| Noncurrent assets:                             |                                                          |                                                   |                                        |                                            |                                  |
| Mortgage and other loans receivable            | -                                                        | 1,654,120                                         | -                                      | -                                          | 1,654,120                        |
| Total noncurrent assets                        | <u>-</u>                                                 | <u>1,654,120</u>                                  | <u>-</u>                               | <u>-</u>                                   | <u>1,654,120</u>                 |
| Total assets                                   | <u>78,005,910</u>                                        | <u>5,773,567</u>                                  | <u>8,323,496</u>                       | <u>1,621,808</u>                           | <u>93,724,781</u>                |
| <b>LIABILITIES</b>                             |                                                          |                                                   |                                        |                                            |                                  |
| Other liabilities                              | -                                                        | 753,918                                           | 7,626,951                              | 1,339,162                                  | 9,720,031                        |
| Total liabilities                              | <u>-</u>                                                 | <u>753,918</u>                                    | <u>7,626,951</u>                       | <u>1,339,162</u>                           | <u>9,720,031</u>                 |
| <b>NET POSITION</b>                            |                                                          |                                                   |                                        |                                            |                                  |
| Restricted for:                                |                                                          |                                                   |                                        |                                            |                                  |
| Funds held in escrow                           | 78,005,910                                               | -                                                 | -                                      | -                                          | 78,005,910                       |
| Other governmental agency                      | -                                                        | 5,019,649                                         | 696,545                                | 282,646                                    | 5,998,840                        |
| Total Net Position                             | <u>\$ 78,005,910</u>                                     | <u>5,019,649</u>                                  | <u>696,545</u>                         | <u>282,646</u>                             | <u>84,004,750</u>                |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**  
Combining Schedule of Changes in Fiduciary Net Position  
Fiduciary Funds – Custodial Funds  
Year Ended June 30, 2025

|                                                   | <b>Escrow Funds<br/>(GNMA, FNMA,<br/>FHLMC, Habitat)</b> | <b>Commonwealth<br/>Priority Housing<br/>Fund</b> | <b>Virginia Housing<br/>Trust Fund</b> | <b>National Housing<br/>Trust Fund</b> | <b>Total Custodial<br/>Funds</b> |
|---------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|
| <b>ADDITIONS</b>                                  |                                                          |                                                   |                                        |                                        |                                  |
| Contribution:                                     |                                                          |                                                   |                                        |                                        |                                  |
| Borrower payments                                 | \$ 1,754,587,838                                         | -                                                 | -                                      | -                                      | 1,754,587,838                    |
| Total Contributions                               | <u>1,754,587,838</u>                                     | <u>-</u>                                          | <u>-</u>                               | <u>-</u>                               | <u>1,754,587,838</u>             |
| Investment earnings:                              |                                                          |                                                   |                                        |                                        |                                  |
| Interest, dividends, and other                    | -                                                        | 1,109,950                                         | 1,251,605                              | 371,636                                | 2,733,191                        |
| Total investment earnings                         | <u>-</u>                                                 | <u>1,109,950</u>                                  | <u>1,251,605</u>                       | <u>371,636</u>                         | <u>2,733,191</u>                 |
| Total additions                                   | <u>1,754,587,838</u>                                     | <u>1,109,950</u>                                  | <u>1,251,605</u>                       | <u>371,636</u>                         | <u>1,757,321,029</u>             |
| <b>DEDUCTIONS</b>                                 |                                                          |                                                   |                                        |                                        |                                  |
| Other governmental agency                         | -                                                        | 838,456                                           | 857,694                                | 265,173                                | 1,961,323                        |
| Disbursement of escrow funds                      | 1,734,773,615                                            | -                                                 | -                                      | -                                      | 1,734,773,615                    |
| Distributions to DHCD                             | -                                                        | 500,000                                           | -                                      | -                                      | 500,000                          |
| Administrative expense                            | -                                                        | 23,750                                            | -                                      | -                                      | 23,750                           |
| Total deductions                                  | <u>1,734,773,615</u>                                     | <u>1,362,206</u>                                  | <u>857,694</u>                         | <u>265,173</u>                         | <u>1,737,258,688</u>             |
| Net increase/(decrease) in fiduciary net position | 19,814,223                                               | (252,256)                                         | 393,911                                | 106,463                                | 20,062,341                       |
| Net position - beginning of year                  | 58,191,687                                               | 5,271,905                                         | 302,634                                | 176,183                                | 63,942,409                       |
| Net position - end of year                        | <u>\$ 78,005,910</u>                                     | <u>5,019,649</u>                                  | <u>696,545</u>                         | <u>282,646</u>                         | <u>84,004,750</u>                |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
Virginia Housing Development Authority  
Richmond, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and fiduciary activities of Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2026 (except for the Retiree Health Care Plan fiduciary fund, which is as of and for the year ended December 31, 2025), and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 10, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

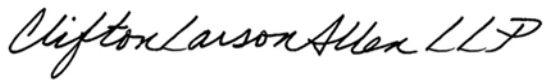
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**CliftonLarsonAllen LLP**

Arlington, Virginia  
September 10, 2026

**DATA ON SINGLE FAMILY MORTGAGE LOANS**

This appendix presents current and recent data regarding the performance and type of single family mortgage loans that are either Authority assets or potential liabilities of the Authority because of certain payment and repurchase obligations. The single family mortgage loans that are Authority assets are pledged to the Bond Resolution, pledged to the Homeownership Mortgage Bonds Resolution, or are held in the Authority's General Fund. The single family mortgage loans that are potential liabilities because of certain payment and repurchase obligations are the Ginnie Mae Mortgage Loans and the Fannie Mae Mortgage Loans still in a Repurchase Obligation Period.

The single family mortgage loans pledged to the Bond Resolution, including mortgage loans in a Ginnie Mae security that is itself pledged to the Bond Resolution, are referred to herein as "Commonwealth Bonds Mortgage Loans." The single family mortgage loans pledged to the Homeownership Mortgage Bonds Resolution are referred to herein as "Homeownership Bonds Mortgage Loans."

Defined terms used and not otherwise defined in this Appendix B have the meaning set forth in the body of this Official Statement. All references to dollar amounts in this Appendix B are in millions, rounded to the nearest million, unless otherwise indicated. Certain amounts in certain charts may not sum to the total shown due to rounding. All mortgage loans described in this Appendix B are single family mortgage loans. All references to delinquent loans mean single family mortgage loans that are 60 or more days delinquent, excluding loans in foreclosure and loan modifications paying as agreed.

As of June 30, 2026, the Authority's single family mortgage loan portfolio, including mortgage loans serviced by the Authority but not Authority assets, was identified as follows:

|                                                                   |            |
|-------------------------------------------------------------------|------------|
| Commonwealth Bonds Mortgage Loans:                                |            |
| Unsecuritized Loans                                               | \$4,445    |
| Fannie Mae Mortgage Loans still in a Repurchase Obligation Period | 1          |
| Fannie Mae Mortgage Loans not in a Repurchase Obligation Period   | 54         |
| Ginnie Mae Mortgage Loans                                         | 49         |
| Homeownership Bonds Mortgage Loans*                               | 80         |
| Mortgage Loans in the Authority's General Fund:                   |            |
| Unsecuritized Loans                                               | 465        |
| Fannie Mae Mortgage Loans still in a Repurchase Obligation Period | 0          |
| Fannie Mae Mortgage Loans not in a Repurchase Obligation Period   | 44         |
| Ginnie Mae Mortgage Loans                                         | 517        |
| Mortgage Loans in securities sold to third parties:               |            |
| Ginnie Mae Mortgage Loans                                         | 3,826      |
| Fannie Mae Mortgage Loans still in a Repurchase Obligation Period | 7          |
| Fannie Mae Mortgage Loans not in a Repurchase Obligation Period   | 1,336      |
| Freddie Mac Mortgage Loans                                        | <u>189</u> |
| Total                                                             | \$11,013   |

\* All Homeownership Bonds Mortgage Loans are unsecuritized loans.

### **Commonwealth Bonds Mortgage Loans**

The outstanding balance, delinquency, and foreclosure statistics for Commonwealth Bonds Mortgage Loans as of the end of each fiscal year since 2010 are set forth below. Note that for years 2020 through 2024, federal law prevented the Authority from treating certain single family mortgage loans as delinquent, even though they otherwise were delinquent, as a special but limited protection for those borrowers. Those mortgage loans are now reported below as delinquent for purposes of showing historical mortgage loan performance and mortgage loan delinquency by year of origination.

#### **Historical Mortgage Loan Performance**

| As of<br>June 30 | Outstanding<br>Balance of<br>Mortgage Loans | Outstanding<br>Balance of<br>Delinquent<br>Mortgage Loans | Percentage<br>of Mortgage<br>Loans<br>Delinquent | Outstanding<br>Balance of<br>Mortgage<br>Loans in<br>Foreclosure | Percentage<br>of Mortgage<br>Loans in<br>Foreclosure |
|------------------|---------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------|
| 2010             | \$4,599                                     | \$255                                                     | 5.5%                                             | \$50                                                             | 1.1%                                                 |
| 2011             | 4,157                                       | 215                                                       | 5.2                                              | 56                                                               | 1.4                                                  |
| 2012             | 3,831                                       | 207                                                       | 5.4                                              | 43                                                               | 1.1                                                  |
| 2013             | 3,651                                       | 183                                                       | 5.0                                              | 57                                                               | 1.6                                                  |
| 2014             | 3,606                                       | 146                                                       | 4.0                                              | 47                                                               | 1.3                                                  |
| 2015             | 3,275                                       | 157                                                       | 4.8                                              | 34                                                               | 1.0                                                  |
| 2016             | 2,984                                       | 132                                                       | 4.4                                              | 33                                                               | 1.1                                                  |
| 2017             | 2,711                                       | 101                                                       | 3.7                                              | 30                                                               | 1.1                                                  |
| 2018             | 2,431                                       | 94                                                        | 3.9                                              | 15                                                               | 0.6                                                  |
| 2019             | 2,242                                       | 96                                                        | 4.3                                              | 11                                                               | 0.5                                                  |
| 2020             | 2,137                                       | 160                                                       | 7.5                                              | 7                                                                | 0.3                                                  |
| 2021             | 2,149                                       | 157                                                       | 7.3                                              | 4                                                                | 0.2                                                  |
| 2022             | 2,202                                       | 105                                                       | 4.8                                              | 5                                                                | 0.2                                                  |
| 2023             | 2,137                                       | 82                                                        | 3.9                                              | 5                                                                | 0.3                                                  |
| 2024             | 2,532                                       | 105                                                       | 4.1                                              | 6                                                                | 0.2                                                  |
| 2025             | 3,394                                       | 127                                                       | 3.7                                              | 15                                                               | 0.4                                                  |
| 2026             | 4,549                                       | 201                                                       | 4.4                                              | 15                                                               | 0.3                                                  |

As of June 30, 2026, the Authority held title to 8 single family properties which were financed by Commonwealth Bonds Mortgage Loans and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loans that financed such properties was less than \$1.2 million, as of their dates of foreclosure.

#### **Current Mortgage Loan Categories**

The following categories of Commonwealth Bonds Mortgage Loans had the following aggregate outstanding principal balances, as of June 30, 2026:

|                                       |              |
|---------------------------------------|--------------|
| Self-Insured First Mortgage Loans     | \$563        |
| Self-Insured Second Mortgage Loans    | 183          |
| Insured by FHA                        | 1,930        |
| Guaranteed by VA                      | 409          |
| Guaranteed by RD                      | 91           |
| Insured by private mortgage insurance | <u>1,373</u> |
| Total                                 | \$4,549      |

The following chart shows the distribution and the delinquency and foreclosure status, as of June 30, 2026, of Commonwealth Bonds Mortgage Loans by calendar year of origination.

#### Mortgage Loan Delinquency by Year of Origination

| <u>Year of Origination</u> | <u>Outstanding Balance of Mortgage Loans</u> | <u>Percentage of Outstanding Balance</u> | <u>Outstanding Balance of Delinquent Mortgage Loans</u> | <u>Percentage of Mortgage Loans Delinquent</u> | <u>Outstanding Balance of Mortgage Loans in Foreclosure</u> | <u>Percentage of Mortgage Loans in Foreclosure</u> |
|----------------------------|----------------------------------------------|------------------------------------------|---------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|
| <u>All Loans</u>           |                                              |                                          |                                                         |                                                |                                                             |                                                    |
| 2020 and earlier           | \$878                                        | 19.3%                                    | \$44                                                    | 5.1%                                           | \$2                                                         | 0.2%                                               |
| 2021                       | 252                                          | 5.5                                      | 13                                                      | 5.3                                            | 0                                                           | 0.1                                                |
| 2022                       | 153                                          | 3.4                                      | 22                                                      | 14.2                                           | 1                                                           | 0.8                                                |
| 2023                       | 326                                          | 7.2                                      | 28                                                      | 8.7                                            | 3                                                           | 0.8                                                |
| 2024                       | 972                                          | 21.4                                     | 56                                                      | 5.7                                            | 7                                                           | 0.7                                                |
| 2025                       | 1,257                                        | 27.6                                     | 36                                                      | 2.9                                            | 2                                                           | 0.2                                                |
| <u>2026</u>                | <u>711</u>                                   | <u>15.6</u>                              | <u>2</u>                                                | <u>0.3</u>                                     | <u>0</u>                                                    | <u>0.0</u>                                         |
| Total                      | \$4,549                                      | 100.0%                                   | \$201                                                   | 4.4%                                           | \$15                                                        | 0.3%                                               |
| <u>Self-Insured Only</u>   |                                              |                                          |                                                         |                                                |                                                             |                                                    |
| 2020 and earlier           | \$407                                        | 54.6%                                    | \$11                                                    | 2.8%                                           | \$1                                                         | 0.3%                                               |
| 2021                       | 42                                           | 5.7                                      | 2                                                       | 4.3                                            | 0                                                           | 0.0                                                |
| 2022                       | 20                                           | 2.6                                      | 1                                                       | 6.6                                            | 0                                                           | 0.0                                                |
| 2023                       | 31                                           | 4.2                                      | 1                                                       | 3.6                                            | 0                                                           | 0.0                                                |
| 2024                       | 69                                           | 9.3                                      | 1                                                       | 1.9                                            | 0                                                           | 0.0                                                |
| 2025                       | 112                                          | 15.0                                     | 1                                                       | 1.0                                            | 0                                                           | 0.0                                                |
| <u>2026</u>                | <u>64</u>                                    | <u>8.6</u>                               | <u>0</u>                                                | <u>0.4</u>                                     | <u>0</u>                                                    | <u>0.0</u>                                         |
| Total                      | \$745                                        | 100.0%                                   | \$17                                                    | 2.4%                                           | \$1                                                         | 0.2%                                               |

The following chart shows the distribution of outstanding balances, as of June 30, 2026, of Commonwealth Bonds Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

#### Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor

| <u>Credit Score</u>  | <u>Outstanding Balance of FHA Insured Mortgage Loans</u> | <u>Outstanding Balance of VA Guaranteed Mortgage Loans</u> | <u>Outstanding Balance of RD Guaranteed Mortgage Loans</u> | <u>Outstanding Balance of PMI Insured Mortgage Loans</u> | <u>Outstanding Balance of Self-Insured Mortgage Loans</u> | <u>Outstanding Balance of All Mortgage Loans</u> |
|----------------------|----------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 300 through 539      | \$253.5                                                  | \$20.5                                                     | \$7.7                                                      | \$25.5                                                   | \$12.5                                                    | \$319.7                                          |
| 540 through 579      | 145.3                                                    | 16.5                                                       | 4.6                                                        | 19.2                                                     | 12.3                                                      | 197.9                                            |
| 580 through 619      | 159.7                                                    | 18.8                                                       | 7.1                                                        | 25.8                                                     | 15.3                                                      | 226.7                                            |
| 620 through 659      | 270.6                                                    | 47.9                                                       | 8.1                                                        | 52.8                                                     | 23.1                                                      | 402.5                                            |
| 660 through 699      | 389.3                                                    | 74.3                                                       | 13.7                                                       | 119.5                                                    | 54.0                                                      | 650.8                                            |
| 700 through 739      | 319.2                                                    | 89.1                                                       | 17.4                                                       | 293.6                                                    | 81.2                                                      | 800.5                                            |
| 740 through 779      | 231.8                                                    | 86.1                                                       | 17.3                                                       | 426.0                                                    | 142.3                                                     | 903.5                                            |
| 780 through 850      | 134.1                                                    | 52.4                                                       | 13.9                                                       | 350.9                                                    | 209.7                                                     | 761.0                                            |
| <u>Not available</u> | <u>26.7</u>                                              | <u>3.2</u>                                                 | <u>1.1</u>                                                 | <u>60.3</u>                                              | <u>194.9</u>                                              | <u>286.2</u>                                     |
| Total                | \$1,930.2                                                | \$408.8                                                    | \$90.9                                                     | \$1,373.6                                                | \$745.3                                                   | \$4,548.8                                        |

### **Homeownership Bonds Mortgage Loans**

The Authority financed Homeownership Bonds Mortgage Loans between 2009 and 2012. The outstanding balance, delinquency, and foreclosure statistics for Homeownership Bonds Mortgage Loans as of the end of each fiscal year since 2010 are set forth below. Note that for years 2020 through 2024, federal law prevented the Authority from treating certain single family mortgage loans as delinquent, even though they otherwise were delinquent, as a special but limited protection for those borrowers. Those mortgage loans are now reported below as delinquent for purposes of showing historical mortgage loan performance.

#### **Historical Mortgage Loan Performance**

| As of<br><u>June 30</u> | Outstanding<br>Balance of<br><u>Mortgage Loans</u> | Outstanding<br>Balance of<br>Delinquent<br><u>Mortgage Loans</u> | Percentage<br>of Mortgage<br>Loans<br><u>Delinquent</u> | Outstanding<br>Balance of<br>Mortgage Loans<br><u>in Foreclosure</u> | Percentage<br>of Mortgage<br>Loans in<br><u>Foreclosure</u> |
|-------------------------|----------------------------------------------------|------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------|
| 2010                    | \$237                                              | \$0                                                              | 0.1%                                                    | \$0                                                                  | 0.0%                                                        |
| 2011                    | 517                                                | 8                                                                | 1.5                                                     | 1                                                                    | 0.2                                                         |
| 2012                    | 717                                                | 21                                                               | 3.0                                                     | 3                                                                    | 0.5                                                         |
| 2013                    | 468                                                | 33                                                               | 7.0                                                     | 7                                                                    | 1.6                                                         |
| 2014                    | 429                                                | 24                                                               | 5.5                                                     | 9                                                                    | 2.0                                                         |
| 2015                    | 384                                                | 26                                                               | 6.9                                                     | 7                                                                    | 1.9                                                         |
| 2016                    | 335                                                | 25                                                               | 7.5                                                     | 7                                                                    | 2.0                                                         |
| 2017                    | 290                                                | 18                                                               | 6.2                                                     | 5                                                                    | 1.9                                                         |
| 2018                    | 259                                                | 17                                                               | 6.6                                                     | 3                                                                    | 1.3                                                         |
| 2019                    | 231                                                | 17                                                               | 7.5                                                     | 2                                                                    | 0.8                                                         |
| 2020                    | 171                                                | 19                                                               | 11.0                                                    | 1                                                                    | 0.7                                                         |
| 2021                    | 140                                                | 18                                                               | 13.0                                                    | 1                                                                    | 0.5                                                         |
| 2022                    | 116                                                | 9                                                                | 7.8                                                     | 0                                                                    | 0.4                                                         |
| 2023                    | 105                                                | 6                                                                | 5.8                                                     | 0                                                                    | 0.2                                                         |
| 2024                    | 96                                                 | 6                                                                | 6.7                                                     | 0                                                                    | 0.3                                                         |
| 2025                    | 88                                                 | 6                                                                | 6.8                                                     | 1                                                                    | 0.6                                                         |
| 2026                    | 80                                                 | 7                                                                | 8.9                                                     | 1                                                                    | 0.8                                                         |

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As of June 30, 2026, the Authority held title to no single family properties which were financed by Homeownership Bonds Mortgage Loans and had been foreclosed upon, but not yet sold.

#### **Current Mortgage Loan Categories**

The following categories of Homeownership Bonds Mortgage Loans had the following aggregate outstanding principal balances, as of June 30, 2026:

|                                       |      |
|---------------------------------------|------|
| Self-Insured First Mortgage Loans     | \$16 |
| Self-Insured Second Mortgage Loans    | 2    |
| Insured by FHA                        | 58   |
| Guaranteed by VA                      | 1    |
| Guaranteed by RD                      | 3    |
| Insured by private mortgage insurance | 0    |
| Total                                 | \$80 |

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The following chart shows the distribution of outstanding balances, as of June 30, 2026, of Homeownership Bonds Mortgage Loans by credit score and mortgage insurer and mortgage guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor**

| <u>Credit Score</u>  | <u>Outstanding<br/>Balance of<br/>FHA Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>VA Guaranteed<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>RD Guaranteed<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>PMI Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>Self-Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>All<br/>Mortgage Loans</u> |
|----------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|
| 300 through 539      | \$5.7                                                                | \$0.1                                                                  | \$0.3                                                                  | \$0.0                                                                | \$0.5                                                                 | \$6.6                                                        |
| 540 through 579      | 5.6                                                                  | 0.1                                                                    | 0.2                                                                    | 0.0                                                                  | 0.6                                                                   | 6.5                                                          |
| 580 through 619      | 5.3                                                                  | 0.1                                                                    | 0.6                                                                    | 0.0                                                                  | 0.7                                                                   | 6.7                                                          |
| 620 through 659      | 6.2                                                                  | 0.0                                                                    | 0.0                                                                    | 0.0                                                                  | 0.8                                                                   | 7.0                                                          |
| 660 through 699      | 8.5                                                                  | 0.0                                                                    | 0.2                                                                    | 0.0                                                                  | 1.3                                                                   | 10.0                                                         |
| 700 through 739      | 8.0                                                                  | 0.1                                                                    | 0.4                                                                    | 0.0                                                                  | 1.6                                                                   | 10.1                                                         |
| 740 through 779      | 7.5                                                                  | 0.2                                                                    | 0.4                                                                    | 0.0                                                                  | 3.2                                                                   | 11.3                                                         |
| 780 through 850      | 10.7                                                                 | 0.1                                                                    | 0.3                                                                    | 0.0                                                                  | 7.5                                                                   | 18.6                                                         |
| <u>Not available</u> | <u>0.7</u>                                                           | <u>0.0</u>                                                             | <u>0.1</u>                                                             | <u>0.0</u>                                                           | <u>2.5</u>                                                            | <u>3.3</u>                                                   |
| Total                | \$58.2                                                               | \$0.7                                                                  | \$2.5                                                                  | \$0.0                                                                | \$18.7                                                                | \$80.1                                                       |

**Mortgage Loans Held in the Authority's General Fund**

The outstanding balance, delinquency, and foreclosure statistics for mortgage loans held by the Authority's General Fund, including mortgage loans in a Ginnie Mae security that is itself held by the Authority's General Fund, as of the end of each fiscal year since 2010 are set forth below. Note that for years 2020 through 2024, federal law prevented the Authority from treating certain single family mortgage loans as delinquent, even though they otherwise were delinquent, as a special but limited protection for those borrowers. Those mortgage loans are now reported below as delinquent for purposes of showing historical mortgage loan performance and mortgage loan delinquency by year of origination.

**Historical Mortgage Loan Performance**

| <u>As of<br/>June 30</u> | <u>Outstanding<br/>Balance of<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>Delinquent<br/>Mortgage Loans</u> | <u>Percentage<br/>of Mortgage<br/>Loans<br/>Delinquent</u> | <u>Outstanding<br/>Balance of<br/>Mortgage<br/>Loans in<br/>Foreclosure</u> | <u>Percentage<br/>of Mortgage<br/>Loans in<br/>Foreclosure</u> |
|--------------------------|------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|
| 2010                     | \$38                                                 | \$1                                                                 | 1.9%                                                       | \$0                                                                         | 0.4%                                                           |
| 2011                     | 35                                                   | 1                                                                   | 1.6                                                        | 0                                                                           | 0.5                                                            |
| 2012                     | 56                                                   | 3                                                                   | 4.7                                                        | 1                                                                           | 1.7                                                            |
| 2013                     | 149                                                  | 6                                                                   | 3.8                                                        | 3                                                                           | 2.1                                                            |
| 2014                     | 148                                                  | 10                                                                  | 6.8                                                        | 5                                                                           | 3.3                                                            |
| 2015                     | 430                                                  | 16                                                                  | 3.7                                                        | 4                                                                           | 1.0                                                            |
| 2016                     | 478                                                  | 26                                                                  | 5.4                                                        | 7                                                                           | 1.5                                                            |
| 2017                     | 594                                                  | 30                                                                  | 5.1                                                        | 10                                                                          | 1.7                                                            |
| 2018                     | 683                                                  | 43                                                                  | 6.3                                                        | 8                                                                           | 1.2                                                            |
| 2019                     | 727                                                  | 70                                                                  | 9.7                                                        | 6                                                                           | 0.8                                                            |
| 2020                     | 808                                                  | 125                                                                 | 15.5                                                       | 7                                                                           | 0.9                                                            |
| 2021                     | 1,057                                                | 142                                                                 | 13.4                                                       | 3                                                                           | 0.3                                                            |
| 2022                     | 1,164                                                | 122                                                                 | 10.5                                                       | 9                                                                           | 0.7                                                            |
| 2023                     | 878                                                  | 85                                                                  | 9.7                                                        | 10                                                                          | 1.2                                                            |
| 2024                     | 952                                                  | 133                                                                 | 14.0                                                       | 9                                                                           | 0.9                                                            |
| 2025                     | 959                                                  | 153                                                                 | 16.0                                                       | 24                                                                          | 2.5                                                            |
| 2026                     | 1,026                                                | 207                                                                 | 20.2                                                       | 21                                                                          | 2.0                                                            |

As of June 30, 2026, 20 single family properties were held by the Authority's General Fund and had been foreclosed upon, but not yet sold. The aggregate principal balance of the mortgage loans that financed such properties was less than \$2.5 million, as of their dates of foreclosure.

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### Current Mortgage Loan Categories

The following categories of mortgage loans held by the Authority's General Fund had the following aggregate outstanding principal balances, as of June 30, 2026:

|                                       |           |
|---------------------------------------|-----------|
| Self-Insured First Mortgage Loans     | \$31      |
| Self-Insured Second Mortgage Loans    | 0         |
| Insured by FHA                        | 873       |
| Guaranteed by VA                      | 43        |
| Guaranteed by RD                      | 40        |
| Insured by private mortgage insurance | <u>39</u> |
| Total                                 | \$1,026   |

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The following chart shows the distribution and the delinquency and foreclosure status, as of June 30, 2026, of mortgage loans held by the Authority's General Fund by calendar year of origination.

### Mortgage Loan Delinquency by Year of Origination

| Year of Origination      | Outstanding Balance of Mortgage Loans | Percentage of Outstanding Balance | Outstanding Balance of Delinquent Mortgage Loans | Percentage of Mortgage Loans Delinquent | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure |
|--------------------------|---------------------------------------|-----------------------------------|--------------------------------------------------|-----------------------------------------|------------------------------------------------------|---------------------------------------------|
| <u>All Loans</u>         |                                       |                                   |                                                  |                                         |                                                      |                                             |
| 2020 and earlier         | \$665                                 | 64.9%                             | \$121                                            | 18.2%                                   | \$8                                                  | 1.2%                                        |
| 2021                     | 209                                   | 20.4                              | 47                                               | 22.4                                    | 4                                                    | 2.1                                         |
| 2022                     | 117                                   | 11.4                              | 20                                               | 17.3                                    | 4                                                    | 3.2                                         |
| 2023                     | 26                                    | 2.5                               | 14                                               | 55.6                                    | 4                                                    | 14.5                                        |
| 2024                     | 8                                     | 0.7                               | 4                                                | 51.2                                    | 1                                                    | 7.5                                         |
| 2025                     | 1                                     | 0.1                               | 1                                                | 98.1                                    | 0                                                    | 0.0                                         |
| <u>2026</u>              | <u>0</u>                              | <u>0.0</u>                        | <u>0</u>                                         | <u>0.0</u>                              | <u>0</u>                                             | <u>0.0</u>                                  |
| Total                    | \$1,026                               | 100.0%                            | \$207                                            | 20.2%                                   | \$21                                                 | 2.0%                                        |
| <u>Self-Insured Only</u> |                                       |                                   |                                                  |                                         |                                                      |                                             |
| 2020 and earlier         | \$29                                  | 92.5%                             | \$4                                              | 15.6%                                   | \$0                                                  | 1.1%                                        |
| 2021                     | 2                                     | 6.4                               | 0                                                | 1.1                                     | 0                                                    | 0.0                                         |
| 2022                     | 0                                     | 0.5                               | 0                                                | 5.7                                     | 0                                                    | 0.0                                         |
| 2023                     | 0                                     | 0.0                               | 0                                                | 0.0                                     | 0                                                    | 0.0                                         |
| 2024                     | 0                                     | 0.6                               | 0                                                | 1.6                                     | 0                                                    | 0.0                                         |
| 2025                     | 0                                     | 0.0                               | 0                                                | 0.0                                     | 0                                                    | 0.0                                         |
| <u>2026</u>              | <u>0</u>                              | <u>0.0</u>                        | <u>0</u>                                         | <u>0.0</u>                              | <u>0</u>                                             | <u>0.0</u>                                  |
| Total                    | \$31                                  | 100.0%                            | \$4                                              | 14.6%                                   | \$0                                                  | 1.0%                                        |

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The following chart shows the distribution of outstanding balances, as of June 30, 2026, of mortgage loans held by the Authority's General Fund by credit score and by type of mortgage insurer and mortgage guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor**

| <u>Credit Score</u>  | <u>Outstanding<br/>Balance of<br/>FHA Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>VA Guaranteed<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>RD Guaranteed<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>PMI Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>Self-Insured<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>All<br/>Mortgage Loans</u> |
|----------------------|----------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------|
| 300 through 539      | \$229.2                                                              | \$9.6                                                                  | \$6.8                                                                  | \$0.3                                                                | \$3.4                                                                 | \$249.3                                                      |
| 540 through 579      | 124.8                                                                | 4.9                                                                    | 4.1                                                                    | 0.2                                                                  | 2.7                                                                   | 136.7                                                        |
| 580 through 619      | 102.9                                                                | 6.4                                                                    | 5.5                                                                    | 0.2                                                                  | 3.2                                                                   | 118.2                                                        |
| 620 through 659      | 96.3                                                                 | 4.6                                                                    | 5.1                                                                    | 0.3                                                                  | 2.7                                                                   | 109.0                                                        |
| 660 through 699      | 94.0                                                                 | 4.6                                                                    | 4.5                                                                    | 0.0                                                                  | 2.0                                                                   | 105.1                                                        |
| 700 through 739      | 76.7                                                                 | 2.2                                                                    | 4.2                                                                    | 0.0                                                                  | 2.0                                                                   | 85.0                                                         |
| 740 through 779      | 73.0                                                                 | 4.6                                                                    | 5.1                                                                    | 0.6                                                                  | 2.6                                                                   | 85.9                                                         |
| 780 through 850      | 67.6                                                                 | 5.2                                                                    | 4.3                                                                    | 0.9                                                                  | 1.7                                                                   | 79.7                                                         |
| <u>Not available</u> | <u>8.5</u>                                                           | <u>0.9</u>                                                             | <u>0.4</u>                                                             | <u>36.9</u>                                                          | <u>10.5</u>                                                           | <u>57.2</u>                                                  |
| Total                | \$873.0                                                              | \$43.0                                                                 | \$40.0                                                                 | \$39.4                                                               | \$30.8                                                                | \$1,026.1                                                    |

**Ginnie Mae Mortgage Loans Sold to Third Parties**

The outstanding balance, delinquency, and foreclosure statistics for Ginnie Mae Mortgage Loans sold to third parties as of the end of each fiscal year since 2010 are set forth below. For additional information, see "Ginnie Mae Financing" in "The Single Family Program." Note that for years 2020 through 2024, federal law prevented the Authority from treating certain single family mortgage loans as delinquent, even though they otherwise were delinquent, as a special but limited protection for those borrowers. Those mortgage loans are now reported below as delinquent for purposes of showing historical mortgage loan performance and mortgage loan delinquency by year of origination.

**Historical Mortgage Loan Performance**

| <u>As of<br/>June 30</u> | <u>Outstanding<br/>Balance of<br/>Mortgage Loans</u> | <u>Outstanding<br/>Balance of<br/>Delinquent<br/>Mortgage Loans</u> | <u>Percentage of<br/>Mortgage<br/>Loans<br/>Delinquent</u> | <u>Outstanding<br/>Balance of<br/>Mortgage<br/>Loans in<br/>Foreclosure</u> | <u>Percentage<br/>of Mortgage<br/>Loans in<br/>Foreclosure</u> |
|--------------------------|------------------------------------------------------|---------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------|----------------------------------------------------------------|
| 2010                     | \$264                                                | \$8                                                                 | 3.0%                                                       | \$0                                                                         | 0.2%                                                           |
| 2011                     | 325                                                  | 13                                                                  | 3.9                                                        | 3                                                                           | 0.9                                                            |
| 2012                     | 234                                                  | 12                                                                  | 5.1                                                        | 2                                                                           | 0.9                                                            |
| 2013                     | 620                                                  | 13                                                                  | 2.2                                                        | 3                                                                           | 0.5                                                            |
| 2014                     | 658                                                  | 19                                                                  | 2.9                                                        | 1                                                                           | 0.2                                                            |
| 2015                     | 746                                                  | 22                                                                  | 3.0                                                        | 2                                                                           | 0.1                                                            |
| 2016                     | 1,309                                                | 29                                                                  | 2.2                                                        | 1                                                                           | 0.1                                                            |
| 2017                     | 2,007                                                | 42                                                                  | 2.1                                                        | 1                                                                           | 0.1                                                            |
| 2018                     | 2,506                                                | 55                                                                  | 2.2                                                        | 2                                                                           | 0.1                                                            |
| 2019                     | 2,903                                                | 82                                                                  | 2.8                                                        | 2                                                                           | 0.1                                                            |
| 2020                     | 3,468                                                | 309                                                                 | 8.9                                                        | 1                                                                           | 0.0                                                            |
| 2021                     | 3,696                                                | 361                                                                 | 9.8                                                        | 0                                                                           | 0.0                                                            |
| 2022                     | 3,874                                                | 273                                                                 | 7.0                                                        | 10                                                                          | 0.3                                                            |
| 2023                     | 4,243                                                | 199                                                                 | 4.7                                                        | 9                                                                           | 0.2                                                            |
| 2024                     | 4,209                                                | 251                                                                 | 6.0                                                        | 9                                                                           | 0.2                                                            |
| 2025                     | 3,986                                                | 238                                                                 | 6.0                                                        | 12                                                                          | 0.3                                                            |
| 2026                     | 3,826                                                | 258                                                                 | 6.8                                                        | 9                                                                           | 0.3                                                            |

The following chart shows the distribution and the delinquency and foreclosure status, as of June 30, 2026, of Ginnie Mae Mortgage Loans sold to third parties by calendar year of origination.

**Mortgage Loan Delinquency by Year of Origination**

| <u>Year of Origination</u> | <u>Outstanding Balance of Mortgage Loans</u> | <u>Percentage of Outstanding Balance</u> | <u>Outstanding Balance of Delinquent Mortgage Loans</u> | <u>Percentage of Mortgage Loans Delinquent</u> | <u>Outstanding Balance of Mortgage Loans in Foreclosure</u> | <u>Percentage of Mortgage Loans in Foreclosure</u> |
|----------------------------|----------------------------------------------|------------------------------------------|---------------------------------------------------------|------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|
| 2020 and earlier           | \$1,851                                      | 48.4%                                    | \$103                                                   | 5.6%                                           | \$2                                                         | 0.1%                                               |
| 2021                       | 854                                          | 22.3                                     | 66                                                      | 7.7                                            | 2                                                           | 0.2                                                |
| 2022                       | 359                                          | 9.4                                      | 35                                                      | 9.8                                            | 3                                                           | 0.8                                                |
| 2023                       | 279                                          | 7.3                                      | 25                                                      | 9.1                                            | 1                                                           | 0.5                                                |
| 2024                       | 176                                          | 4.6                                      | 14                                                      | 8.1                                            | 1                                                           | 0.4                                                |
| 2025                       | 220                                          | 5.7                                      | 15                                                      | 6.7                                            | 0                                                           | 0.2                                                |
| <u>2026</u>                | <u>87</u>                                    | <u>2.3</u>                               | <u>0</u>                                                | <u>0.3</u>                                     | <u>0</u>                                                    | <u>0.0</u>                                         |
| Total                      | \$3,826                                      | 100.0%                                   | \$258                                                   | 6.8%                                           | \$9                                                         | 0.3%                                               |

The following chart shows the distribution of outstanding balances, as of June 30, 2026, of Ginnie Mae Mortgage Loans sold to third parties by credit score and mortgage insurer and mortgage guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer and Mortgage Guarantor**

| <u>Credit Score</u>  | <u>Outstanding Balance of FHA Insured Mortgage Loans</u> | <u>Outstanding Balance of VA Guaranteed Mortgage Loans</u> | <u>Outstanding Balance of RD Guaranteed Mortgage Loans</u> | <u>Outstanding Balance of PMI Insured Mortgage Loans</u> | <u>Outstanding Balance of Self-Insured Mortgage Loans</u> | <u>Outstanding Balance of All Mortgage Loans</u> |
|----------------------|----------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| 300 through 539      | \$495.3                                                  | \$18.2                                                     | \$20.0                                                     | \$0.0                                                    | \$0.0                                                     | \$533.5                                          |
| 540 through 579      | 285.7                                                    | 10.5                                                       | 16.5                                                       | 0.0                                                      | 0.0                                                       | 312.7                                            |
| 580 through 619      | 334.1                                                    | 15.5                                                       | 15.3                                                       | 0.0                                                      | 0.0                                                       | 364.9                                            |
| 620 through 659      | 411.8                                                    | 23.3                                                       | 20.1                                                       | 0.0                                                      | 0.0                                                       | 455.2                                            |
| 660 through 699      | 496.9                                                    | 36.3                                                       | 25.4                                                       | 0.0                                                      | 0.0                                                       | 558.6                                            |
| 700 through 739      | 481.6                                                    | 37.3                                                       | 31.7                                                       | 0.0                                                      | 0.0                                                       | 550.6                                            |
| 740 through 779      | 484.0                                                    | 50.4                                                       | 43.6                                                       | 0.0                                                      | 0.0                                                       | 578.0                                            |
| 780 through 850      | 353.0                                                    | 52.3                                                       | 43.5                                                       | 0.0                                                      | 0.0                                                       | 448.8                                            |
| <u>Not available</u> | <u>20.7</u>                                              | <u>1.9</u>                                                 | <u>0.6</u>                                                 | <u>0.0</u>                                               | <u>0.0</u>                                                | <u>23.2</u>                                      |
| Total                | \$3,363.1                                                | \$245.7                                                    | \$216.7                                                    | \$0.0                                                    | \$0.0                                                     | \$3,825.5                                        |

**Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period**

See “Fannie Mae Financing” in “The Single Family Program” for more information on the risk to the Authority of Fannie Mae Mortgage Loans still in their Repurchase Obligation Period. As of June 30, 2026, the aggregate outstanding principal balance of mortgage loans in this category was \$7 million, of which 2.0% was delinquent. The foregoing information is for Fannie Mae securities pledged to the Authority’s Bond Resolution, held in the Authority’s General Fund, or sold to third parties. Since 2020, no Fannie Mae Mortgage Loans have had a Repurchase Obligation Period. All Fannie Mae Mortgage Loans still in a Repurchase Obligation Period are self-insured mortgage loans.

**Fannie Mae Mortgage Loans Not in a Repurchase Obligation Period**

The Authority continues to service Fannie Mae Mortgage Loans that are not in a Repurchase Obligation Period and could be obligated to advance money to cover payments during periods when loans in this category are delinquent or subject to certain types of loan modifications.

See “Fannie Mae Financing” in “The Single Family Program” for more information. As of June 30, 2026, the aggregate outstanding principal balance of mortgage loans in this category was \$1,336 million, of which 0.9% was delinquent. The foregoing information is for Fannie Mae securities pledged to the Authority’s Bond Resolution, held in the Authority’s General Fund, or sold to third parties.

### **Freddie Mac Mortgage Loans**

The Authority continues to service Freddie Mac Mortgage Loans and could be obligated to advance money to cover payments during periods when loans in this category are delinquent or subject to certain types of loan modifications.

See “Freddie Mac Financing” in “The Single Family Program” for more information. As of June 30, 2026, the aggregate outstanding principal balance of mortgage loans in this category was \$189 million, of which 1.9% was delinquent. The foregoing information is for Freddie Mac securities sold to third parties. Currently, the Authority sells all Freddie Mac securities to third parties.

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## **ADDITIONAL INFORMATION CONCERNING SINGLE FAMILY MORTGAGE INSURANCE POLICIES AND GUARANTEES**

### **Federal Housing Administration Mortgage Insurance**

The United States Department of Housing and Urban Development administers the FHA mortgage insurance programs. In order to receive payment of insurance benefits (other than certain partial claim payments) a mortgagee must normally acquire title to the property, either through foreclosure or conveyance, and convey such title to FHA. Generally, the mortgagee must obtain a deed in lieu of foreclosure or commence foreclosure proceedings within six months after a mortgagor's default, subject to extension if the mortgagee pursued certain loss mitigation actions referred to below. Upon recordation of the deed conveying the property to FHA, the mortgagee notifies FHA of the filing and assigns, without recourse or warranty, all claims which it has acquired in connection with the mortgage. A mortgagee may also receive payment of insurance benefits in certain circumstances not involving conveyance of the property to FHA, such as if a pre-foreclosure sale to a third party at a required minimum price is arranged in accordance with FHA regulations and procedures.

Under some FHA programs, FHA has the option at its discretion to pay insurance claims in cash or in debentures, while under others FHA will pay insurance claims in cash unless the mortgagee requests payment in debentures. The current FHA policy, subject to change at any time, is to make insurance payments on mortgages covering less than five dwelling units in cash with respect to all programs covering such units as to which it has discretion to determine the form of insurance payment. FHA debentures issued in satisfaction of FHA insurance claims bear interest at the debenture interest rate in effect under FHA regulations on the date of the mortgage insurance commitment or of the initial insurance endorsement of the mortgage, whichever rate is higher.

When entitlement to insurance benefits results from foreclosure (or other acquisition of possession) and conveyance to FHA, the insurance payment is computed as of the institution of the foreclosure proceeding (or acquisition of possession otherwise), which will occur no earlier than 60 days after the due date of a mortgage payment, and the mortgagee generally is not compensated for mortgage interest accrued and unpaid prior to that date. Under such circumstances, the amount of insurance benefits generally paid by FHA is equal to the unpaid principal amount of the mortgage loan, adjusted to reimburse the mortgagee for certain tax, insurance and similar payments made by it and to deduct certain amounts received or retained by the mortgagee after default, plus reimbursement not to exceed a specified percentage of the mortgagee's foreclosure costs or costs of acquiring the property (such percentage, which under current FHA policy is periodically determined based upon a mortgagee's loss mitigation performance, currently is two-thirds in the case of the Authority). Unless the mortgagee has not observed certain FHA regulations, an insurance payment to be made in cash itself bears interest from the date of default to the date of payment of the claim at an interest rate equal to the monthly average yield, for the month in which the default occurred, on United States Treasury securities adjusted to a constant maturity of 10 years.

When any property to be conveyed to FHA has been damaged by fire, earthquake, flood or tornado, or the property has suffered damage because of the mortgagee's failure to take required action, it is required that such property be repaired prior to such conveyance.

FHA requires that, absent the consent of the mortgagor, at least three full monthly installments be due and unpaid before the mortgagee may initiate any action leading to foreclosure of the mortgage. FHA also requires a reasonable effort to arrange a face-to-face conference with the mortgagor and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see "Loan Modifications" in "The Single Family Program").

### **Veterans Administration Mortgage Guaranty**

The Veterans Administration permits a veteran (or in certain instances the spouse of a veteran) to obtain a mortgage loan guaranty by the VA covering mortgage financing of the purchase of a one-to-four family dwelling unit. The program has no mortgage loan limits and requires no down payment from the purchaser.

Under the VA's tiered guaranty system, the maximum guaranty allowed is based on the size of the mortgage loan. The Blue Water Navy Vietnam Veterans Act of 2019, effective January 1, 2020, eliminated county loan limits for certain veterans on loans greater than \$144,000. The current maximum guaranty is as follows: (i) for mortgage loans of not more than \$45,000, 50% of the loan; (ii) for mortgage loans greater than \$45,000, but not more than \$56,250, an amount of \$22,500; (iii) for mortgage loans greater than \$56,250, but not more than \$144,000, the lesser of 40% of the loan or \$36,000; and (iv) for loans greater than \$144,000, (x) 25% of the loan amount for veterans with full VA home loan guaranty entitlement and (y) 25% of the Freddie Mac conforming loan limits for veterans who have previously used and not restored the guaranty entitlement. The actual guaranty may be less than the maximum guaranty as described above in the event a veteran's guaranty entitlement previously used for a guaranteed loan has not been restored by the VA. The liability on the guaranty is reduced or increased pro rata with any reduction or increase in the amount of the indebtedness, but in no event will the amount payable on the guaranty exceed the amount of the original guaranty. Notwithstanding the dollar and percentage limitations of the guaranty, a mortgage holder will ordinarily suffer a monetary loss only where the difference between the unsatisfied indebtedness and the proceeds of a foreclosure sale of a mortgaged premises is greater

than the original guaranty, as adjusted. The VA may, at its option and without regard to the guaranty, make full payment to a mortgagee of unsatisfied indebtedness on a mortgage upon its assignment to the VA. Under certain circumstances, a mortgagee is required to accept partial payments on a loan that is more than 30 days overdue, and the VA requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances (see “Loan Modifications” in “The Single Family Program”).

Under the single family programs, a VA mortgage loan would be guaranteed in any amount which, together with the down payment by the mortgagor, will at least equal 25% of the lesser of the sales price or the appraised value of the single-family dwelling.

### **Rural Development Mortgage Guarantee**

United States Department of Agriculture Rural Development (“RD”) (formerly known as the Farmers Home Administration and later as the Rural Economic and Community Development Service) permits a low or moderate income purchaser of a home in designated rural areas to obtain a mortgage loan guarantee from RD. To qualify as a low or moderate income purchaser, a purchaser’s income must not exceed the median income for the area in which the home is located. Loans may not exceed FHA 203(b)(2) loan limits. No down payment is required from the purchaser.

Under the RD Guarantee Program, the mortgagee is entitled to payment of the guarantee only after (i) the property has been sold at foreclosure or otherwise sold to a third party in conformity with RD requirements or (ii) six months have elapsed from the date the mortgagee acquired title to the property. RD guarantees the first 35% of loss and 85% of any additional loss, not to exceed 90% of the loan amount. Loss is defined as (i) the outstanding principal balance and accrued interest of the mortgage loan as of the date of the loss claim settlement, plus reasonable liquidation costs, minus (ii) net proceeds, which are calculated based upon (A) a property’s actual sale price, when the claim is made following sale to a third party, and (B) estimated market value, reduced by a credit for estimated holding costs, when no sale has been made within six months from the date the mortgagee acquired title to the property. A mortgagee seeking loss claim payment following sale of a property at foreclosure may be required to first pursue enforcement of any deficiency judgment obtained if there is a reasonable prospect of present recovery. A mortgagee that receives a loss claim payment based upon the estimated value of a property not sold within six months following acquisition may be required to pay RD a proportionate share of future recovery if the property is later sold for more than the estimated value. RD requires that, in the absence of the consent of the mortgagor, payment of the mortgage loan must be at least 90 days delinquent before the mortgagee may initiate foreclosure proceedings. The mortgagee must obtain prior RD approval for any liquidation of the property other than by foreclosure or accepting a deed in lieu of foreclosure. RD also requires that the mortgagee make a reasonable attempt to arrange an interview with the mortgagor before payment on the mortgage loan becomes 60 days delinquent, and requires that the mortgagee consider, and undertake where appropriate, specified loss mitigation actions to avoid foreclosure, including loan modifications in some circumstances with prior RD approval (see “Loan Modifications” in “The Single Family Program”). Rural Development does not accept assignment of property subject to its guarantee.

### **Private Mortgage Insurance**

Each private mortgage insurance policy with respect to a mortgage loan must contain provisions substantially as follows: (i) the mortgage insurer must pay a claim, including unpaid principal, accrued interest, the amounts equal to deferred interest in connection with mortgage loans with graduated payments schedules, if any, and expenses, within 60 days of presentation of the claim by the Authority; (ii) when a claim for the outstanding principal amount, accrued interest and expenses is presented, the mortgage insurer must either (a) pay such claim in full and take title to the mortgaged property and arrange for its sale or (b) pay the insured percentage of such claim and allow the Authority to retain title to the mortgaged property or (c) settle a claim for actual losses where such losses are less than the insured percentage of the claim. (See “Mortgage Loan Insurance” in “The Single Family Program” for a discussion of federal legislation affecting private mortgage insurance).

## **CERTAIN FEDERAL INCOME TAX MATTERS RELATING TO SINGLE FAMILY MORTGAGE LOAN PROGRAMS**

The Code substantially restricts the use of proceeds of tax-exempt bonds used to finance mortgage loans for single family housing or to refund such bonds. Under the Code, interest on bonds the proceeds of which are used to provide mortgage loans on owner-occupied housing is not excluded from gross income for federal income tax purposes unless the bonds are part of a “qualified mortgage issue.” An issue of bonds constitutes a “qualified mortgage issue” if all of the following requirements are met: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences, (ii) the mortgage loans financed with the issue and the mortgagors meet certain eligibility requirements, (iii) the yield that is earned by the issuer of the bonds from such mortgage loans and from certain non-mortgage investments that are allocable to the issue, including investments that are held as part of a debt service reserve fund, does not exceed specified limitations and (iv) certain other requirements are met relating to the issue itself and the availability of proceeds of the issue for financing housing located in federally designated targeted areas (“Targeted Areas”) (as defined below). These requirements are more fully described below. The Authority has issued and is delivering Tax-Exempt Bonds and expects to issue additional Tax-Exempt Bonds which are or will be subject to these requirements (“Qualified Mortgage Bonds”). Interest on Taxable Bonds is included in gross income for federal income tax purposes; therefore, Taxable Bonds are not subject to these requirements. However, some of the single family mortgage loans financed by Taxable Bonds were formerly financed, in part, by certain Qualified Mortgage Bonds which are Tax-Exempt Bonds as defined and used in the text of this Official Statement.

**The following requirements apply to single family mortgage loans financed, in whole or in part, with the proceeds of Qualified Mortgage Bonds.**

### **Residence Requirements**

As required by the Code, all residences financed with Qualified Mortgage Bonds must be single family residences located within the Commonwealth, and both the Authority and the mortgagor must reasonably expect that the residence will become the mortgagor’s principal residence within a reasonable time after the single family mortgage loan is executed or assumed. These requirements can normally be met by having each mortgagor execute an affidavit stating that the residence is within the Commonwealth and that the mortgagor intends to make the residence his principal residence within such reasonable time period, normally 60 days. The Authority has covenanted to require such an affidavit.

### **Absence of Prior Home Ownership**

Except in the case of (i) a mortgagor acquiring a residence in a Targeted Area, or (ii) a mortgagor who is a qualified veteran the Code requires that 95% of net proceeds of the Qualified Mortgage Bond issue must be loaned to mortgagors who have had no present ownership interest in a principal residence within the three years preceding the date on which the single family mortgage loan is executed. The Code permits the Authority to rely on an affidavit of a mortgagor to the effect that such requirement has been satisfied and an examination of federal income tax returns for three years evidencing compliance with such requirement. In lieu of such tax returns, a mortgagor may provide a letter from the Internal Revenue Service to the effect that he or she filed Forms 1040A or 1040EZ for such three year period. The Authority has covenanted that it will procure and diligently examine each such affidavit and accompanying tax returns, when required.

### **Purchase Price Limitations**

The Code requires that the purchase price of each residence being financed with the proceeds of Qualified Mortgage Bonds not exceed 90% (110% in the case of Targeted Areas (as defined below)) of the applicable average area purchase price. The Authority has adopted purchase price limitations which are not in excess of 90% (110% in the case of Targeted Areas (as defined below)) of the current “safe harbor average area purchase prices” published by the U.S. Treasury which may be relied upon for purposes of compliance with the Code. The Authority may adopt different purchase price limitations in the future in accordance with the Code.

### **Income Requirements**

The Code requires that all of the single family mortgage loans made with the proceeds of certain Qualified Mortgage Bonds be provided to borrowers whose annual gross income does not exceed 115% (100% for households of fewer than three persons) of the applicable median family income. An exception is provided for loans made with respect to Targeted Area residences for which the Code requires two-thirds of such loans be provided to borrowers whose annual gross income does not exceed 140% (120% for households of fewer than three persons) of applicable median family income and one-third of such loans may be made without regard to any income limitation. The Authority has covenanted to verify compliance with these requirements by requiring each borrower to certify as to the amount of his or her annual gross income.

### **Targeted Areas**

In order to comply with the Code, the Authority must, for at least one year after the date on which lendable proceeds of the Qualified Mortgage Bonds are first available for financing of single family mortgage loans, make available for single family mortgage

loans in so-called Targeted Areas within the Commonwealth an amount equal to the lesser of 20% of the proceeds of such Bonds (other than any refunding bonds as to which the original refunded bonds were issued after 1980) which are devoted to providing owner financing or 40% of the average annual aggregate principal amount of mortgages executed in the preceding three years for single family owner-occupied residences in Targeted Areas within the Commonwealth. The Authority's program includes sending periodic program announcements to Originating Lenders and not-for-profit service providers serving the Targeted Areas advising them of the availability of such proceeds and including maps of the Targeted Areas in their region. The Authority's efforts to place single family mortgage loans in Targeted Areas includes advertising in pamphlets, brochures and handouts concerning the single family program that mortgage funds are available for such areas. The Targeted Areas in which the Authority is to make the mortgage funds available include those census tracts in the Commonwealth in which 70% or more of the families have an income which is 80% or less of the statewide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury. Targeted Areas also include areas of chronic economic distress designated by the Commonwealth and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code.

### **Other Single Family Mortgage Loan Eligibility Requirements**

The Code does not allow proceeds of Qualified Mortgage Bonds to be used to acquire existing mortgage loans (thereby requiring the Authority to apply such proceeds only to newly-originated mortgage loans) or to replace existing mortgage loans (thereby precluding refinancings of mortgage loans). This requirement does not prohibit the Authority from acquiring or replacing construction loans, bridge loans or other similar temporary initial financing. The Purchase Agreements incorporate these restrictions.

The Code requires that each mortgage loan financed with the proceeds of Qualified Mortgage Bonds may only be assumed if the requirements relating to principal residence, three year lack of prior ownership, income requirements and acquisition cost limitations are met with respect to the assumption. The determinations as to compliance with these requirements are to be made as of the date on which the mortgage loan is being assumed. Accordingly, the Authority must make the required statistical study or otherwise determine (e.g., by reliance on "safe harbor" statistics published by the U.S. Treasury) the relevant average area purchase prices for each statistical area within the Commonwealth on an annual basis, and must assure compliance with the other applicable requirements of the Code as long as a series of bonds is outstanding. The Authority has so covenanted in the Bond Resolution and the Homeownership Mortgage Bonds Resolution and has required in the single family mortgage loan documents that no single family mortgage loan may be assumed unless the applicable requirements of the Code are satisfied.

### **Limitation on Mortgage Yield**

Under the Code, the yield on single family mortgage loans or portion thereof financed by Qualified Mortgage Bonds may not exceed one and one-eighth percentage points over the yield on the related bonds.

### **Recapture**

The Code provides for an increase in the federal income tax of certain mortgagors upon sale of their homes (the "Recapture Provision"). Under the Recapture Provision, an amount determined to be subsidy provided to the mortgagors by Qualified Mortgage Bond financing (but not in excess of 50% of the gain) is recaptured on disposition of the home. The recapture amount increases over the period of ownership, with full recapture occurring if the house is sold between four and five full years after the closing of the mortgage loan. The recapture amount declines ratably to zero with respect to sales between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part of all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires that the issuer of Qualified Mortgage Bonds provide at settlement of each mortgage loan a written statement informing the mortgagor of the Recapture Provision and, within 90 days thereafter, a written statement specifying certain information needed by the mortgagor to compute the recapture amount. The Authority has included in its program documentation requirements that such information be provided in the time and manner required by the Code.

The following requirements apply only with respect to Qualified Mortgage Bonds, except as otherwise noted; accordingly, these requirements do not apply to Taxable Bonds.

### **Other Requirements**

For Qualified Mortgage Bonds, the Code requires the Authority to pay to the U.S. Treasury certain amounts earned on investments, which amounts must be computed in accordance with the applicable provisions of the Code. The Authority has covenanted to establish accounting procedures to determine the amount of such excess investment earnings. Such amount, if any, is not subject to the pledge or lien of the Bond Resolution and Homeownership Mortgage Bonds Resolution. This requirement also applies to certain Tax-Exempt Non-AMT Bonds that are not otherwise subject to the requirements referenced in the first paragraph of this Appendix D.

The Code provides limits on the maximum amount of certain tax-exempt bonds (including Qualified Mortgage Bonds) which may be issued in any state in each calendar year.

The Code requires retirement or redemption of Qualified Mortgage Bonds (other than certain refunding bonds) from unexpended proceeds required to be used to make mortgage loans which have not been used within 42 months from the date of issuance of the bonds, except for a \$250,000 de minimis amount.

The Code permits repayments (including prepayments) of principal of mortgage loans financed with the proceeds of Qualified Mortgage Bonds to be used to make additional mortgage loans only for 10 years from the date of issuance of the bonds, after which date such amounts must be used to retire or redeem bonds (except for a \$250,000 de minimis amount) (the “10-Year Rule”). In the case of refunded bonds, the 10 year period is measured from the date of issuance of the original refunded bonds. As a result, the Authority may be required by the Code to retire or redeem Qualified Mortgage Bonds from repayments (including prepayments) of principal of single family mortgage loans financed with proceeds allocable to the Qualified Mortgage Bonds.

#### **Good Faith Effort**

An issue of Qualified Mortgage Bonds which fails to meet the mortgage eligibility requirements will be treated as meeting all such requirements if:

(i) the issuer in good faith attempted to meet such requirements before the mortgages were executed;

(ii) 95% of the proceeds devoted to owner-financing were devoted to residences with respect to which (at the time the mortgages were executed) all such requirements were met; and

(iii) any failure to meet such requirements is corrected within a reasonable period after such failure is first discovered.

The good faith requirement described in (i) will be satisfied by the Authority’s establishing reasonable procedures, including reasonable investigations, to ensure compliance with the requirements under the Code. The 95% requirement referred to in clause (ii) above will be considered to have been satisfied by the Authority’s procuring and examining affidavits evidencing compliance from the mortgagors and sellers of residences and income tax returns filed by the mortgagors with the Internal Revenue Service for the preceding three years (or statements in the mortgagors’ affidavits that one or more of such returns were not required to have been filed or letters from the IRS that Forms 1040A or 1040EZ were filed for such period). Calling the non-qualifying mortgage or replacing it with a qualifying mortgage will constitute the correction of such failure under clause (iii) above.

The failure to meet the arbitrage and other issue-related requirements will not affect the tax-exemption of an issue of Qualified Mortgage Bonds under the Code and the applicable regulations if:

(i) the issuer in good faith attempted to meet all such requirements; and

(ii) any failure to meet such requirements was due to inadvertent error after taking reasonable steps to comply with such requirements.

#### **Monitoring for Compliance with the Code**

Under the procedures which the Authority has established to comply with the Code, Originating Lenders will be responsible for reviewing each single family mortgage loan application and the accompanying documentation, including the affidavits and federal tax returns described above, for compliance with the requirements of the Code. Normal and appropriate measures are required to be undertaken to verify the information given, either independently or concurrently with credit reviews, when applicable. All documentation is to be cross-checked to assure that the information presented is complete and consistent.

Originating Lenders are required to represent as to each single family mortgage loan that, among other things, (i) the single family mortgage loan is in compliance with the Authority’s processing guide setting forth the procedures and requirements with respect to the processing of single family mortgage loans, (ii) the lender has reviewed the mortgagor’s application, the affidavits described above, and the mortgagor’s federal income tax returns for compliance with the provisions of the Code, and (iii) the single family mortgage loan has been closed in accordance with the processing guide.

Prior to financing such single family mortgage loan, the Authority reviews the documents submitted to the Authority, including the mortgagor’s application, the affidavits described above and the mortgagor’s federal income tax returns, for compliance with the requirements of the Code. The Authority has delegated to certain of its Originating Lenders the review described in the preceding sentence and the Authority also performs such review subsequent to financing each single family mortgage loan originated by such Originating Lender.

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## DEVELOPMENTS AND AUTHORITY PROPERTY FINANCED IN THE RENTAL HOUSING BONDS

Information as of June 30, 2026

| <u>Development (7)</u>                                                                                    | <u>Location</u>      | <u>Original Mortgage<br/>Loan Amount (1)</u> | <u>Current Mortgage<br/>Loan Amount (9)</u> | <u>Program (8)</u> | <u>Type of Occupancy</u> | <u>Total<br/>Units</u> | <u>Occupancy<br/>Rate (5)</u> | <u>Construction<br/>Complete</u> |
|-----------------------------------------------------------------------------------------------------------|----------------------|----------------------------------------------|---------------------------------------------|--------------------|--------------------------|------------------------|-------------------------------|----------------------------------|
| Developments with Mortgage Loans Funded by, or Scheduled to be Funded By, the Currently Outstanding Bonds |                      |                                              |                                             |                    |                          |                        |                               |                                  |
| 1 West Jackson Street                                                                                     | Richmond City        | \$4,475,000                                  | \$3,206,509                                 | MUMI (2)           | General                  | 54                     | 98%                           | 100%                             |
| 1131 North Kensington Street                                                                              | Arlington County     | \$710,000                                    | \$179,735                                   | Conventional       | Supportive Hsg           | 8                      | n/a                           | 100%                             |
| 115 Berkshire Place                                                                                       | Lynchburg City       | \$68,000                                     | \$31,687                                    | Conventional       | Supportive Hsg           | 1                      | n/a                           | 100%                             |
| 1229 Hull Street                                                                                          | Richmond City        | \$1,000,000                                  | \$731,600                                   | MUMI (2)           | General                  | 10                     | n/a                           | 100%                             |
| 1314 West Johnson Street                                                                                  | Staunton City        | \$950,000                                    | \$557,008                                   | Conventional       | Supportive Hsg           | 18                     | n/a                           | 100%                             |
| 1906 Charles Street                                                                                       | Fredericksburg City  | \$105,000                                    | \$1,826                                     | Conventional       | Supportive Hsg           | 3                      | n/a                           | 100%                             |
| 1907 Charles Street                                                                                       | Fredericksburg City  | \$335,000                                    | \$191,232                                   | Conventional       | Supportive Hsg           | 2                      | n/a                           | 100%                             |
| 200 West I                                                                                                | Virginia Beach City  | \$11,200,000                                 | \$10,231,617                                | Tax Credit         | General                  | 152                    | 97%                           | 100%                             |
| 200 West II                                                                                               | Virginia Beach City  | \$10,095,000                                 | \$8,927,931                                 | Tax Credit         | General                  | 112                    | 96%                           | 100%                             |
| 2001 East Broad Street                                                                                    | Richmond City        | \$8,150,000                                  | \$6,598,249                                 | MUMI (2)           | General                  | 75                     | 92%                           | 100%                             |
| 2112 Nicolet Circle                                                                                       | Richmond City        | \$290,000                                    | \$236,327                                   | Conventional       | General                  | 5                      | n/a                           | 100%                             |
| 217 Paladin Drive                                                                                         | Virginia Beach City  | \$184,500                                    | \$99,370                                    | Conventional       | Supportive Hsg           | 4                      | n/a                           | 100%                             |
| 2323 Arden Street                                                                                         | Fairfax County       | \$750,000                                    | \$471,128                                   | Conventional       | Supportive Hsg           | 6                      | n/a                           | 100%                             |
| 2525 Main                                                                                                 | Richmond City        | \$35,265,000                                 | \$33,240,215                                | MUMI (2)           | General                  | 217                    | 97%                           | 100%                             |
| 2604 Charles Street                                                                                       | Fredericksburg City  | \$264,500                                    | \$59,328                                    | Conventional       | Supportive Hsg           | 2                      | n/a                           | 100%                             |
| 27 Atlantic                                                                                               | Virginia Beach City  | \$92,500,000                                 | \$89,465,842                                | Conventional       | General                  | 240                    | 93%                           | 100%                             |
| 288 Lofts I                                                                                               | Chesterfield County  | \$12,200,000                                 | \$11,825,703                                | Tax Credit         | General                  | 112                    | 99%                           | 100%                             |
| 288 Lofts II                                                                                              | Chesterfield County  | \$6,400,000                                  | \$6,216,197                                 | Tax Credit         | General                  | 48                     | 96%                           | 100%                             |
| 3548 Barry Street                                                                                         | Virginia Beach City  | \$177,000                                    | \$94,235                                    | Conventional       | Supportive Hsg           | 4                      | n/a                           | 100%                             |
| 401 Campbell Lofts                                                                                        | Roanoke City         | \$1,250,000                                  | \$826,483                                   | MUMI (2)           | General                  | 16                     | n/a                           | 100%                             |
| 4108 Middle Ridge Road                                                                                    | Fairfax County       | \$251,000                                    | \$159,779                                   | Conventional       | Supportive Hsg           | 4                      | n/a                           | 100%                             |
| 501 East Main Street                                                                                      | Richmond City        | \$900,000                                    | \$721,433                                   | MUMI (2)           | General                  | 8                      | n/a                           | 100%                             |
| 5612 Dunn Loring Court                                                                                    | Virginia Beach City  | \$295,000                                    | \$102,649                                   | Conventional       | Supportive Hsg           | 3                      | n/a                           | 100%                             |
| 607 Notabene                                                                                              | Alexandria City      | \$700,000                                    | \$518,196                                   | Conventional       | Supportive Hsg           | 8                      | n/a                           | 100%                             |
| 647 Stuart Street                                                                                         | Fredericksburg City  | \$80,000                                     | \$21,747                                    | Conventional       | Supportive Hsg           | 1                      | n/a                           | 100%                             |
| 665 Bethune Drive                                                                                         | Virginia Beach City  | \$198,900                                    | \$107,125                                   | Conventional       | Supportive Hsg           | 4                      | n/a                           | 100%                             |
| 701 Saint James                                                                                           | Richmond City        | \$3,250,000                                  | \$2,308,062                                 | Conventional       | General                  | 41                     | 95%                           | 100%                             |
| 801 Main Street                                                                                           | Newport News City    | \$1,960,000                                  | \$1,633,953                                 | Tax Credit         | Elderly                  | 44                     | 89%                           | 100%                             |
| 802 Cynthianna Avenue                                                                                     | Charlottesville City | \$345,000                                    | \$203,148                                   | Conventional       | General                  | 6                      | n/a                           | 100%                             |
| 824 Madison Avenue                                                                                        | Roanoke City         | \$120,000                                    | \$2,440                                     | Tax Credit         | General                  | 4                      | n/a                           | 100%                             |
| 908 Perry Street                                                                                          | Richmond City        | \$4,535,000                                  | \$3,315,218                                 | Conventional       | General                  | 41                     | 95%                           | 100%                             |
| 909 Perry Street                                                                                          | Richmond City        | \$4,000,000                                  | \$2,993,097                                 | Conventional       | General                  | 44                     | 98%                           | 100%                             |
| 9525 Pampas Drive                                                                                         | Chesterfield County  | \$234,500                                    | \$101,245                                   | Tax Credit         | Supportive Hsg           | 5                      | n/a                           | 100%                             |
| Abby I                                                                                                    | Fredericksburg City  | \$450,000                                    | \$136,628                                   | Conventional       | Supportive Hsg           | 6                      | n/a                           | 100%                             |
| Abby II                                                                                                   | Fredericksburg City  | \$605,000                                    | \$232,752                                   | Conventional       | Supportive Hsg           | 8                      | n/a                           | 100%                             |
| AC Wilson Building                                                                                        | Radford City         | \$875,000                                    | \$644,483                                   | MUMI (2)           | General                  | 10                     | n/a                           | 100%                             |
| Ada Park                                                                                                  | Newport News City    | \$1,950,000                                  | \$1,633,061                                 | Tax Credit         | General                  | 42                     | 85%                           | 100%                             |
| Aero I                                                                                                    | Hampton City         | \$5,060,000                                  | \$4,640,673                                 | Tax Credit         | General                  | 72                     | 99%                           | 100%                             |
| Aero II                                                                                                   | Hampton City         | \$5,100,000                                  | \$4,674,576                                 | Tax Credit         | General                  | 48                     | 100%                          | 100%                             |
| Affordable Homes                                                                                          | Hampton City         | \$270,000                                    | \$195,204                                   | Conventional       | Supportive Hsg           | 2                      | n/a                           | 100%                             |
| Ainsworth                                                                                                 | Henrico County       | \$80,250,000                                 | \$79,137,386                                | MUMI (2)           | General                  | 350                    | 91%                           | 100%                             |
| Akers Rentals                                                                                             | Russell County       | \$400,000                                    | \$306,280                                   | Conventional       | General                  | 9                      | n/a                           | 100%                             |
| Alexander at 1090 I                                                                                       | Richmond City        | \$4,150,000                                  | \$3,835,465                                 | Tax Credit         | General                  | 48                     | 92%                           | 100%                             |
| Alexander at 1090 II                                                                                      | Richmond City        | \$4,545,000                                  | \$4,181,416                                 | Tax Credit         | General                  | 48                     | 85%                           | 100%                             |

|                               |                       |              |              |                   |                  |     |      |      |
|-------------------------------|-----------------------|--------------|--------------|-------------------|------------------|-----|------|------|
| Angel Court                   | King George County    | \$1,425,000  | \$989,622    | Tax Credit        | General          | 24  | 100% | 100% |
| Angelwood at Caroline         | Caroline County       | \$1,150,000  | \$834,562    | Tax Credit        | General          | 26  | 85%  | 100% |
| Ann Wingfield Commons         | Culpeper County       | \$3,000,000  | \$2,608,466  | Tax Credit        | General          | 44  | 98%  | 100% |
| Ansell Gardens                | Portsmouth City       | \$1,900,000  | \$892,907    | Tax Credit        | General          | 78  | 99%  | 100% |
| Apex East                     | Arlington County      | \$15,200,000 | \$14,176,748 | Tax Credit        | General          | 125 | 93%  | 100% |
| Apex West                     | Arlington County      | \$18,645,000 | \$17,130,103 | Tax Credit        | General          | 131 | 89%  | 100% |
| Aqua Vista                    | Newport News City     | \$21,000,000 | \$20,468,661 | Tax Credit        | General          | 150 | 99%  | 100% |
| Aquia Fifteen at Towne Center | Stafford County       | \$31,000,000 | \$26,976,644 | Tax Credit        | General          | 256 | 95%  | 100% |
| Arbelo and Longview Terrace   | Alexandria City       | \$8,250,000  | \$6,353,020  | Tax Credit        | General          | 75  | 83%  | 100% |
| Arbor Glen                    | Chesapeake City       | \$13,645,000 | \$11,168,088 | Tax Credit        | General          | 240 | 97%  | 100% |
| Arbors                        | Richmond City         | \$4,179,916  | \$3,170,013  | Tax Credit        | Elderly          | 85  | 99%  | 100% |
| Arbors at 29 North            | Greene County         | \$15,900,000 | \$15,808,607 | Tax Credit        | Elderly          | 120 | 79%  | 100% |
| Arbors at Birchwood           | Virginia Beach City   | \$22,400,000 | \$21,745,251 | Mixed Income Only | General          | 150 | 100% | 100% |
| Arbors at Hull Street         | Richmond City         | \$16,980,000 | \$16,301,366 | Tax Credit        | Elderly          | 186 | 99%  | 100% |
| Arbors at Pembroke            | Hampton City          | \$16,550,000 | \$16,013,344 | Mixed Income Only | Elderly          | 150 | 97%  | 100% |
| Arbors at Shoulders Hill      | Suffolk City          | \$13,500,000 | \$12,059,903 | Tax Credit        | Elderly          | 138 | 96%  | 100% |
| Arbors at Towne Park          | York County           | \$10,700,000 | \$9,503,607  | Tax Credit        | Elderly          | 130 | 100% | 100% |
| Arbors at Western Branch      | Chesapeake City       | \$23,100,000 | \$21,548,919 | MUMI (2)          | Elderly          | 163 | 99%  | 100% |
| Arbors at Williamsburg        | York County           | \$21,870,000 | \$20,442,161 | MUMI (2)          | Elderly          | 150 | 96%  | 100% |
| Arden - Building A            | Fairfax County        | \$12,424,000 | \$11,907,966 | Tax Credit        | General          | 79  | 95%  | 100% |
| Arden - Building B            | Fairfax County        | \$8,895,000  | \$8,353,129  | MUMI (2)          | General          | 47  | 91%  | 100% |
| Argon                         | Richmond City         | \$7,210,000  | \$6,075,975  | Conventional      | General          | 66  | 97%  | 100% |
| Arlington Mill                | Arlington County      | \$8,870,000  | \$6,977,758  | Tax Credit        | General          | 122 | 96%  | 100% |
| Arlington View Terrace East   | Arlington County      | \$10,572,000 | \$10,166,237 | Tax Credit        | General          | 77  | 96%  | 100% |
| Armstrong Place               | Lynchburg City        | \$220,000    | \$159,887    | Tax Credit        | Supportive Hsg   | 28  | 100% | 100% |
| Armstrong Renaissance 1A      | Richmond City         | \$2,500,000  | \$2,159,374  | Tax Credit, RAD   | Supportive Hsg   | 60  | 95%  | 100% |
| Armstrong Renaissance 1B      | Richmond City         | \$750,000    | \$621,223    | Tax Credit        | Elderly          | 45  | 96%  | 100% |
| Armstrong Renaissance 2A      | Richmond City         | \$5,475,000  | \$5,032,911  | Tax Credit        | General, Elderly | 70  | 96%  | 100% |
| Armstrong Renaissance 2B      | Richmond City         | \$3,300,000  | \$3,009,998  | Tax Credit        | Elderly          | 45  | 98%  | 100% |
| Arna + Marbella               | Arlington County      | \$16,100,000 | \$15,485,662 | Tax Credit        | General          | 163 | 93%  | 100% |
| Artisan Hill                  | Richmond City         | \$27,700,000 | \$25,007,398 | MUMI (2)          | General          | 204 | 94%  | 100% |
| Ashburn Chase I               | Loudoun County        | \$5,250,000  | \$4,848,410  | Tax Credit        | General          | 48  | 88%  | 100% |
| Ashburn Chase II              | Loudoun County        | \$7,090,000  | \$6,465,293  | Tax Credit        | General          | 48  | 88%  | 100% |
| Ashlake Crossing              | Chesterfield County   | \$8,455,000  | \$8,386,520  | Tax Credit        | Elderly          | 67  | 97%  | 100% |
| Ashlake Trails                | Chesterfield County   | \$6,825,000  | \$6,796,532  | Tax Credit        | General, Elderly | 67  | 99%  | 100% |
| Ashland Woods                 | Hanover County        | \$12,275,000 | \$10,155,612 | Tax Credit        | General          | 150 | 98%  | 100% |
| Ashpone Tavern Village        | Franklin County       | \$640,000    | \$334,748    | Conventional      | General          | 10  | n/a  | 100% |
| Ashton I                      | Norfolk City          | \$5,850,000  | \$5,530,578  | Tax Credit        | General          | 70  | 99%  | 100% |
| Ashton II                     | Norfolk City          | \$5,425,000  | \$5,109,364  | Tax Credit        | General          | 48  | 100% | 100% |
| Aspen Club                    | Fauquier County       | \$23,700,000 | \$22,253,849 | Tax Credit        | General          | 138 | 98%  | 100% |
| Aspen South                   | Fauquier County       | \$10,750,000 | \$8,950,033  | Conventional      | General          | 100 | 94%  | 100% |
| Aspire                        | Norfolk City          | \$11,180,000 | \$10,882,381 | Tax Credit        | General          | 85  | 99%  | 100% |
| Atrium Lofts at Cold Storage  | Richmond City         | \$7,475,000  | \$5,863,355  | Conventional      | General          | 72  | 99%  | 100% |
| Attain Downtown               | Norfolk City          | \$26,426,000 | \$22,688,070 | Conventional      | General          | 156 | 99%  | 100% |
| Audubon Village I             | Henrico County        | \$14,350,000 | \$11,853,288 | Tax Credit        | General          | 160 | 86%  | 100% |
| Audubon Village II            | Henrico County        | \$4,380,000  | \$3,693,255  | Tax Credit        | General          | 54  | 85%  | 100% |
| Austin Woods                  | Chesterfield County   | \$36,930,000 | \$34,613,345 | Conventional      | General          | 230 | 95%  | 100% |
| Autumn Ridge                  | Roanoke City          | \$683,000    | \$260,946    | Mixed Income Only | General          | 72  | 97%  | 100% |
| Autumnwood Heights            | Charlotte County      | \$1,105,000  | \$780,246    | Tax Credit, RD515 | Elderly          | 40  | 100% | 100% |
| Bacon Retirement Community    | Richmond City         | \$900,000    | \$93,712     | Tax Credit        | Elderly          | 58  | 98%  | 100% |
| Bainbridge Commons            | Chesapeake City       | \$6,325,000  | \$4,875,695  | Tax Credit        | General          | 92  | 92%  | 100% |
| Baker School                  | Richmond City         | \$2,190,000  | \$2,012,582  | Tax Credit, RAD   | Elderly          | 50  | 86%  | 100% |
| Barrington                    | Prince William County | \$10,275,000 | \$8,402,539  | Conventional      | General          | 124 | 90%  | 100% |

|                                    |                       |              |              |                   |                |     |      |      |
|------------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Barton Mansion                     | Richmond City         | \$2,700,000  | \$2,486,980  | Conventional      | General        | 17  | n/a  | 100% |
| Battleground                       | Smyth County          | \$335,000    | \$206,595    | Tax Credit, RD515 | General        | 24  | 100% | 100% |
| Bay Creek                          | Hampton City          | \$10,525,000 | \$8,641,940  | Tax Credit        | General        | 184 | 93%  | 100% |
| Bayberry I                         | Virginia Beach City   | \$950,000    | \$511,025    | Conventional      | General        | 14  | n/a  | 100% |
| Bayberry II                        | Virginia Beach City   | \$1,090,000  | \$578,130    | Conventional      | General        | 14  | n/a  | 100% |
| Bayberry III                       | Virginia Beach City   | \$881,000    | \$405,993    | Conventional      | General        | 10  | n/a  | 100% |
| Bayberry IV                        | Virginia Beach City   | \$788,000    | \$505,350    | Conventional      | General        | 8   | n/a  | 100% |
| Bayberry V                         | Virginia Beach City   | \$1,245,000  | \$838,158    | Conventional      | General        | 10  | n/a  | 100% |
| Bayberry VI                        | Virginia Beach City   | \$475,000    | \$312,931    | Conventional      | General        | 6   | n/a  | 100% |
| Bayberry VII                       | Virginia Beach City   | \$775,000    | \$550,320    | Conventional      | General        | 8   | n/a  | 100% |
| Beach Park West                    | Virginia Beach City   | \$1,250,000  | \$897,287    | Conventional      | Supportive Hsg | 18  | n/a  | 100% |
| Beasley Square                     | Alexandria City       | \$1,081,000  | \$739,122    | Conventional      | Elderly        | 8   | n/a  | 100% |
| Beaverdam Creek                    | Hanover County        | \$2,420,000  | \$1,724,236  | Tax Credit        | General        | 120 | 98%  | 100% |
| Bella at Westchester               | Chesterfield County   | \$49,540,000 | \$47,869,026 | Conventional      | General        | 250 | 84%  | 100% |
| Belle Meadows                      | Bristol City          | \$780,000    | \$483,112    | Conventional      | General        | 26  | 100% | 100% |
| Belle Summit                       | Richmond City         | \$1,910,000  | \$1,547,735  | Tax Credit        | General        | 50  | 92%  | 100% |
| Bellefonte                         | Alexandria City       | \$2,700,000  | \$2,417,702  | Tax Credit        | Supportive Hsg | 12  | n/a  | 100% |
| Belleville Meadows                 | Suffolk City          | \$3,700,000  | \$3,141,053  | Tax Credit, RD515 | General        | 128 | 98%  | 100% |
| Bellevue Gardens                   | Richmond City         | \$9,335,000  | \$9,330,333  | Tax Credit        | General        | 78  | 100% | 100% |
| Ben Franklin House                 | Fairfax County        | \$575,000    | \$499,562    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Benn's Grant                       | Isle of Wight County  | \$46,990,000 | \$45,994,862 | Mixed Income Only | General        | 240 | 95%  | 100% |
| Berkley Court                      | Franklin City         | \$1,120,000  | \$829,376    | Tax Credit, RAD   | General        | 75  | 91%  | 100% |
| Berkmar                            | Albemarle County      | \$44,145,000 | \$41,668,957 | Conventional      | General        | 261 | 93%  | 100% |
| Bettie S. Davis Village            | Suffolk City          | \$2,150,000  | \$1,746,430  | Tax Credit        | Elderly        | 60  | 100% | 100% |
| Beverly Park                       | Alexandria City       | \$3,505,000  | \$2,486,051  | Tax Credit        | General        | 33  | 100% | 100% |
| Bickerstaff Crossing               | Henrico County        | \$6,800,000  | \$6,435,051  | Tax Credit        | General        | 60  | 93%  | 100% |
| Biznet Supervised                  | Virginia Beach City   | \$138,500    | \$89,947     | Conventional      | Supportive Hsg | 2   | n/a  | 100% |
| Biznet Village                     | Virginia Beach City   | \$648,000    | \$407,012    | Conventional      | Supportive Hsg | 24  | 92%  | 100% |
| Blair's School AKA Southside Lofts | Pittsylvania County   | \$1,100,000  | \$1,082,696  | Tax Credit        | General        | 55  | 98%  | 100% |
| Bloom                              | Alexandria City       | \$10,350,000 | \$9,624,084  | Tax Credit        | General        | 97  | 94%  | 100% |
| Bluegrass                          | Pulaski County        | \$600,000    | \$163,402    | Tax Credit        | Elderly        | 40  | 93%  | 100% |
| Booker T. Washington Plaza         | Richmond City         | \$1,940,000  | \$1,568,341  | Tax Credit        | Elderly        | 28  | 93%  | 100% |
| Bowe and Clay                      | Richmond City         | \$660,000    | \$449,684    | Conventional      | General        | 6   | n/a  | 100% |
| Bowler Retirement Community        | Richmond City         | \$1,000,000  | \$96,680     | Tax Credit        | Elderly        | 62  | 94%  | 100% |
| Braddock Terrace                   | Loudoun County        | \$4,225,000  | \$4,178,120  | Tax Credit        | General        | 20  | n/a  | 100% |
| Bradford Mews                      | Isle of Wight County  | \$8,675,000  | \$6,448,718  | Tax Credit        | General        | 120 | 95%  | 100% |
| Brandywine                         | Virginia Beach City   | \$6,783,928  | \$4,944,662  | Conventional      | General        | 172 | 97%  | 100% |
| Brentwood Forest                   | Norfolk City          | \$2,497,000  | \$526,254    | Conventional      | General        | 107 | 99%  | 100% |
| Bridge 17                          | Suffolk City          | \$19,900,000 | \$18,594,863 | Conventional      | General        | 144 | 97%  | 100% |
| Broadstone at River Oaks           | Prince William County | \$18,150,000 | \$14,812,781 | Tax Credit        | General        | 184 | 95%  | 100% |
| Brookdale                          | Albemarle County      | \$11,900,000 | \$10,738,619 | Tax Credit        | General        | 96  | 89%  | 100% |
| Brunswick Commons                  | Brunswick County      | \$660,000    | \$459,896    | Tax Credit, RD515 | Elderly        | 24  | 100% | 100% |
| Brunswick Village                  | Brunswick County      | \$750,000    | \$273,426    | Tax Credit, RD515 | General        | 48  | 98%  | 100% |
| Buchanan Gardens                   | Arlington County      | \$7,690,000  | \$5,952,008  | Tax Credit        | General        | 111 | 96%  | 100% |
| Buckingham Village III             | Arlington County      | \$6,800,000  | \$5,469,625  | Tax Credit        | General        | 92  | 99%  | 100% |
| Buckingham Village Parcel B        | Arlington County      | \$4,500,000  | \$3,380,084  | Tax Credit        | General        | 48  | 98%  | 100% |
| Buckman Colchester Housing         | Fairfax County        | \$432,000    | \$267,864    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Buckman Colchester-Audubon         | Fairfax County        | \$73,000     | \$45,264     | Conventional      | Supportive Hsg | 1   | n/a  | 100% |
| Buckman Colchester-San Leandro     | Fairfax County        | \$135,000    | \$83,708     | Conventional      | Supportive Hsg | 1   | n/a  | 100% |
| Buckroe Pointe                     | Hampton City          | \$22,050,000 | \$19,417,172 | Conventional      | General        | 252 | 94%  | 100% |
| Burnt Ordinary                     | James City County     | \$1,250,000  | \$583,556    | Tax Credit, RD515 | General        | 80  | 93%  | 100% |
| Burton Creek                       | Lynchburg City        | \$4,000,000  | \$3,575,901  | Tax Credit        | General        | 85  | 89%  | 100% |
| Cadence                            | Arlington County      | \$16,340,000 | \$15,413,175 | Tax Credit        | General        | 97  | 98%  | 100% |

|                                   |                      |              |              |                   |                |     |      |      |
|-----------------------------------|----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Calvert Manor                     | Arlington County     | \$2,225,143  | \$1,586,203  | Tax Credit        | General        | 23  | 91%  | 100% |
| Cameo Street                      | Richmond City        | \$5,900,000  | \$5,684,667  | Tax Credit        | General        | 67  | 93%  | 100% |
| Cameron Commons                   | Arlington County     | \$1,500,000  | \$247,255    | Conventional      | General        | 16  | n/a  | 100% |
| Campostella at Clairmont I        | Norfolk City         | \$4,700,000  | \$3,925,654  | Tax Credit        | General        | 84  | 99%  | 100% |
| Campostella at Clairmont II       | Norfolk City         | \$5,100,000  | \$4,216,074  | Tax Credit        | General        | 68  | 100% | 100% |
| Cananche Creek                    | Norton City          | \$570,000    | \$367,070    | Tax Credit, RD515 | General        | 36  | 97%  | 100% |
| Canterbury Commons                | Waynesboro City      | \$110,500    | \$44,039     | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Canterbury Commons I              | Staunton City        | \$225,000    | \$99,308     | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Canterbury Commons II             | Staunton City        | \$211,000    | \$123,102    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Canterbury Crossing               | Chesapeake City      | \$195,000    | \$39,373     | Tax Credit        | General        | 30  | 97%  | 100% |
| Carlton Neighborhood Housing      | Charlottesville City | \$1,950,000  | \$1,640,883  | Tax Credit        | General        | 35  | 97%  | 100% |
| Carlton Views I                   | Charlottesville City | \$2,000,000  | \$1,593,279  | Tax Credit        | Supportive Hsg | 54  | 93%  | 100% |
| Carlton Views II                  | Charlottesville City | \$2,730,000  | \$2,487,609  | Tax Credit        | Supportive Hsg | 44  | 91%  | 100% |
| Carlton Views III                 | Charlottesville City | \$3,250,000  | \$2,989,597  | Tax Credit        | General        | 48  | 96%  | 100% |
| Caroline Manor I                  | Caroline County      | \$356,000    | \$52,500     | Tax Credit, RD515 | General        | 24  | 96%  | 100% |
| Caroline Manor II                 | Caroline County      | \$135,000    | \$39,046     | Tax Credit, RD515 | General        | 17  | n/a  | 100% |
| Carousel Court                    | Fairfax County       | \$8,680,000  | \$6,330,124  | Tax Credit        | General        | 90  | 99%  | 100% |
| Carriage Run                      | Emporia City         | \$1,100,000  | \$779,114    | Tax Credit, RD515 | Elderly        | 40  | 98%  | 100% |
| Carrier Point I                   | Newport News City    | \$2,347,000  | \$2,265,193  | Mixed Income Only | General        | 43  | 93%  | 100% |
| Cary West                         | Richmond City        | \$1,650,000  | \$1,281,234  | Tax Credit        | General        | 47  | 85%  | 100% |
| Cedar Creek                       | Portsmouth City      | \$3,686,251  | \$2,284,419  | Conventional      | General        | 104 | 99%  | 100% |
| Cedar Creek I                     | Frederick County     | \$400,000    | \$282,528    | Tax Credit, RD515 | General        | 46  | 93%  | 100% |
| Cedar Crest I, II, III (combined) | Montgomery County    | \$3,350,000  | \$2,968,365  | Conventional      | General        | 78  | 99%  | 100% |
| Cedar Grove                       | Virginia Beach City  | \$1,177,000  | \$839,400    | Tax Credit        | Supportive Hsg | 32  | 69%  | 100% |
| Cedar Street                      | Isle of Wight County | \$440,000    | \$215,694    | Tax Credit, RD515 | General        | 24  | 83%  | 100% |
| Center Building                   | Smyth County         | \$2,100,000  | \$1,719,660  | MUMI (2)          | General        | 19  | n/a  | 100% |
| Center West I                     | Chesterfield County  | \$32,000,000 | \$30,369,932 | Conventional      | General        | 200 | 97%  | 100% |
| Center West II                    | Chesterfield County  | \$44,000,000 | \$42,840,215 | Conventional      | General        | 252 | 94%  | 100% |
| Chantilly Mews                    | Fairfax County       | \$1,500,000  | \$625,638    | Tax Credit        | General        | 50  | 98%  | 100% |
| Charles Street Annex              | Fredericksburg City  | \$78,000     | \$17,314     | Conventional      | Supportive Hsg | 1   | n/a  | 100% |
| Checed Warwick                    | Newport News City    | \$1,350,000  | \$525,790    | Tax Credit        | Elderly        | 48  | 98%  | 100% |
| Chesterbrook Residences           | Fairfax County       | \$11,000,000 | \$7,396,493  | Conventional      | Elderly        | 97  | 98%  | 100% |
| Chickahominy Bluff                | Hanover County       | \$8,975,000  | \$7,585,585  | Tax Credit        | General        | 120 | 100% | 100% |
| Chuckatuck Square                 | Suffolk City         | \$1,245,500  | \$966,982    | Tax Credit, RD515 | General        | 42  | 93%  | 100% |
| Church Manor                      | Isle of Wight County | \$650,000    | \$352,425    | Tax Credit        | General        | 50  | 98%  | 100% |
| Church Street Station Studios     | Norfolk City         | \$2,850,000  | \$2,332,250  | Tax Credit        | Supportive Hsg | 81  | 89%  | 100% |
| Circ                              | Richmond City        | \$18,000,000 | \$16,871,132 | Conventional      | General        | 106 | 91%  | 100% |
| Citywide Homes 2001               | Virginia Beach City  | \$724,839    | \$615,803    | Tax Credit        | General        | 32  | 97%  | 100% |
| Clarendon Court                   | Arlington County     | \$7,710,000  | \$6,349,387  | Mixed Income Only | General        | 103 | 94%  | 100% |
| Cliffs Edge Lofts                 | Lynchburg City       | \$4,199,000  | \$3,103,557  | MUMI (2)          | General        | 52  | 98%  | 100% |
| Clopton                           | Richmond City        | \$1,685,000  | \$1,249,519  | Conventional      | General        | 44  | 84%  | 100% |
| Cogbill Road Group Home           | Chesterfield County  | \$260,000    | \$181,454    | Conventional      | Supportive Hsg | 5   | n/a  | 100% |
| Cole Harbour                      | Nottoway County      | \$600,000    | \$410,939    | Tax Credit, RD515 | General        | 36  | 86%  | 100% |
| College Green I                   | Richmond County      | \$330,000    | \$165,983    | Tax Credit, RD515 | Elderly        | 32  | 97%  | 100% |
| College Square Collins            | Suffolk City         | \$950,000    | \$300,572    | Conventional      | General        | 20  | n/a  | 100% |
| College Square Investments        | Suffolk City         | \$2,150,000  | \$680,243    | Conventional      | General        | 40  | 100% | 100% |
| Colonial Heights                  | Fredericksburg City  | \$950,000    | \$645,066    | Tax Credit        | Supportive Hsg | 14  | n/a  | 100% |
| Colonnade at Rocktown I           | Harrisonburg City    | \$3,373,000  | \$2,628,170  | MUMI (2)          | General        | 6   | n/a  | 100% |
| Columbia Hills East               | Arlington County     | \$7,861,492  | \$6,702,988  | Tax Credit        | General        | 97  | 100% | 100% |
| Columbia Hills West               | Arlington County     | \$12,450,000 | \$10,476,048 | Tax Credit        | General        | 132 | 99%  | 100% |
| Community Havens - Glebe Road     | Arlington County     | \$820,728    | \$738,404    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Community Havens-Burke Road       | Fairfax County       | \$943,000    | \$679,549    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Congress Street                   | Shenandoah County    | \$750,000    | \$73,957     | Tax Credit        | General        | 38  | 97%  | 100% |

|                                       |                      |              |              |                        |                  |     |      |      |
|---------------------------------------|----------------------|--------------|--------------|------------------------|------------------|-----|------|------|
| Cool Lane                             | Henrico County       | \$5,000,000  | \$4,849,746  | Mixed Income Only      | General          | 87  | 97%  | 100% |
| Cotton Mill Lofts                     | Roanoke City         | \$8,458,424  | \$6,625,984  | Conventional           | General          | 108 | 95%  | 100% |
| Country Green                         | Halifax County       | \$125,000    | \$88,290     | Tax Credit, RD515      | General          | 44  | 93%  | 100% |
| Courthouse Commons I                  | Richmond County      | \$650,000    | \$213,650    | Conventional           | General          | 12  | n/a  | 100% |
| Courthouse Commons II                 | Richmond County      | \$750,000    | \$317,955    | Conventional           | General          | 12  | n/a  | 100% |
| Courthouse Crossings                  | Arlington County     | \$8,600,000  | \$6,180,796  | Tax Credit             | General          | 112 | 97%  | 100% |
| Courthouse Green                      | Spotsylvania County  | \$715,000    | \$394,212    | Tax Credit, RD515      | General          | 40  | 95%  | 100% |
| Courthouse Lane I                     | Caroline County      | \$1,100,000  | \$114,503    | Tax Credit, RD515      | Elderly          | 32  | 97%  | 100% |
| Courthouse Lane II                    | Caroline County      | \$600,000    | \$340,935    | Tax Credit, RD515      | Elderly          | 24  | 96%  | 100% |
| Coves at Monticello                   | Fluvanna County      | \$19,120,000 | \$18,677,827 | Tax Credit             | General          | 124 | 94%  | 100% |
| Craigmont Manor                       | Augusta County       | \$618,678    | \$461,895    | Tax Credit, RD515      | General          | 44  | 86%  | 100% |
| Creekside Manor                       | Henrico County       | \$4,690,000  | \$3,923,330  | Mixed Income Only      | General          | 97  | 96%  | 100% |
| Crescent Halls                        | Charlottesville City | \$3,000,000  | \$2,844,873  | Tax Credit             | General          | 105 | 94%  | 100% |
| Crescent Square                       | Virginia Beach City  | \$2,400,000  | \$1,855,152  | Tax Credit             | Supportive Hsg   | 80  | 90%  | 100% |
| Crevenna Oaks                         | Fairfax County       | \$14,600,000 | \$14,486,774 | Tax Credit             | General          | 50  | 98%  | 100% |
| Crewe Village                         | Nottoway County      | \$500,000    | \$401,701    | Tax Credit, RD515      | General          | 40  | 100% | 100% |
| Cricket Hill                          | Mathews County       | \$300,000    | \$183,138    | Tax Credit, RD515      | General          | 30  | 97%  | 100% |
| Crispus Attucks                       | Northampton County   | \$750,000    | \$554,762    | Tax Credit             | General          | 22  | 82%  | 100% |
| Cromwell House                        | Norfolk City         | \$8,350,000  | \$6,707,807  | Tax Credit             | Elderly          | 205 | 82%  | 100% |
| Cross Creek                           | Mecklenburg County   | \$380,000    | \$355,975    | Tax Credit, RD515      | Elderly          | 19  | n/a  | 100% |
| Crown Square                          | Henrico County       | \$3,423,500  | \$888,418    | Conventional           | General          | 90  | 93%  | 100% |
| Crozet Meadows                        | Albemarle County     | \$1,715,000  | \$1,203,408  | Tax Credit             | Elderly          | 66  | 89%  | 100% |
| Culpeper Crossing                     | Culpeper County      | \$2,480,000  | \$2,096,201  | Tax Credit             | General          | 28  | 86%  | 100% |
| Culpeper Shelter                      | Culpeper County      | \$200,000    | \$107,100    | Conventional           | Supportive Hsg   | 15  | n/a  | 100% |
| Culpeper Garden I                     | Arlington County     | \$12,500,000 | \$10,918,087 | Tax Credit             | Elderly          | 210 | 95%  | 100% |
| Current                               | Richmond City        | \$36,500,000 | \$34,081,192 | Conventional           | General          | 215 | 88%  | 100% |
| Cypress Landing                       | Chesapeake City      | \$2,440,000  | \$2,021,047  | Tax Credit             | Supportive Hsg   | 50  | 88%  | 100% |
| Cypress Terrace                       | Newport News City    | \$1,650,000  | \$1,257,184  | Tax Credit, RAD        | General          | 82  | 77%  | 100% |
| Daffodil Gardens II                   | Gloucester County    | \$1,430,434  | \$1,340,061  | Tax Credit             | General, Elderly | 40  | 100% | 100% |
| Dan River Falls                       | Pittsylvania County  | \$18,400,000 | \$18,301,914 | Conventional           | General          | 150 | 97%  | 100% |
| Dante Crossing                        | Russell County       | \$273,000    | \$179,721    | MUMI (2)               | General          | 12  | n/a  | 100% |
| Deerfield Village Townhomes II        | Pulaski County       | \$760,000    | \$556,723    | Conventional           | General          | 10  | n/a  | 100% |
| Denbigh Village                       | Newport News City    | \$24,100,000 | \$21,432,311 | Conventional           | General          | 244 | 98%  | 100% |
| Dewitt-Wharton Manufacturing Building | Lynchburg City       | \$2,500,000  | \$2,453,512  | Conventional           | General          | 24  | 96%  | 100% |
| Diggs Town                            | Norfolk City         | \$13,777,700 | \$12,364,147 | Tax Credit, RAD        | General          | 222 | 94%  | 100% |
| Dogwood Terrace                       | Wise County          | \$920,000    | \$147,162    | Tax Credit             | General          | 97  | 98%  | 100% |
| Dolly Ann                             | Alleghany County     | \$1,950,000  | \$1,467,526  | Tax Credit             | General          | 108 | 97%  | 100% |
| Dr. Hughes House                      | Richmond City        | \$950,000    | \$844,065    | Conventional           | General          | 4   | n/a  | 100% |
| Dresden                               | Newport News City    | \$1,400,000  | \$951,446    | Tax Credit             | Supportive Hsg   | 32  | 84%  | 100% |
| Dulles Center I                       | Fairfax County       | \$29,700,000 | \$28,029,133 | Tax Credit             | General          | 144 | 99%  | 100% |
| Dulles Center II                      | Fairfax County       | \$27,200,000 | \$25,624,541 | Tax Credit             | General          | 128 | 100% | 100% |
| Earle of Warwick Square               | Newport News City    | \$3,300,000  | \$485,836    | Conventional           | General          | 107 | 98%  | 100% |
| East Falls                            | Fairfax County       | \$29,458,148 | \$24,677,248 | Tax Credit             | General          | 305 | 88%  | 100% |
| East Gate Village II                  | Orange County        | \$2,433,000  | \$2,278,342  | Tax Credit             | General          | 37  | 97%  | 100% |
| Eggleston Plaza                       | Richmond City        | \$3,825,000  | \$3,382,307  | MUMI (2)               | General          | 42  | 98%  | 100% |
| Elderspirit Community                 | Washington County    | \$850,000    | \$509,853    | Tax Credit             | Elderly          | 16  | n/a  | 100% |
| Elevate 17 I                          | Virginia Beach City  | \$15,100,000 | \$14,643,935 | Tax Credit             | General          | 128 | 99%  | 100% |
| Elevate 17 II                         | Virginia Beach City  | \$12,550,000 | \$12,169,976 | Tax Credit             | General          | 92  | 99%  | 100% |
| Elkmont Manor                         | Rockingham County    | \$412,452    | \$306,039    | Tax Credit, RD515      | General          | 44  | 100% | 100% |
| Ella Scott's Addition                 | Richmond City        | \$40,200,000 | \$37,935,073 | MUMI (2)               | General          | 250 | 97%  | 100% |
| Essex Manor                           | Essex County         | \$266,000    | \$230,334    | Tax Credit, RD515      | Elderly          | 40  | 100% | 100% |
| Exmore Village I                      | Northampton County   | \$666,949    | \$496,408    | Tax Credit, RD515      | Elderly          | 36  | 100% | 100% |
| Fairfax Hall                          | Waynesboro City      | \$900,000    | \$900,000    | Mixed Use/Mixed Income | Elderly          | 54  | 80%  | 100% |

|                              |                       |              |              |                   |                |     |      |      |
|------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Fairview Townhomes           | Wythe County          | \$1,218,000  | \$1,216,589  | Conventional      | Supportive Hsg | 12  | n/a  | 100% |
| Faison Residences            | Henrico County        | \$5,150,000  | \$4,454,132  | MUMI (2)          | General        | 45  | 98%  | 100% |
| Falls I                      | Essex County          | \$1,150,000  | \$591,251    | Conventional      | General        | 16  | n/a  | 100% |
| Falls II                     | Essex County          | \$1,225,000  | \$674,377    | Conventional      | General        | 16  | n/a  | 100% |
| Falls III                    | Essex County          | \$950,000    | \$526,143    | Conventional      | General        | 12  | n/a  | 100% |
| Fields of Alexandria         | Alexandria City       | \$29,500,000 | \$21,088,965 | Tax Credit        | General        | 306 | 92%  | 100% |
| Fields of Old Town           | Alexandria City       | \$9,500,000  | \$6,707,838  | Tax Credit        | General        | 98  | 96%  | 100% |
| Fieldstone                   | Montgomery County     | \$7,060,000  | \$6,277,267  | Tax Credit        | General        | 84  | 76%  | 100% |
| Fieldstone Senior            | Montgomery County     | \$2,550,000  | \$2,272,051  | Tax Credit        | Elderly        | 60  | 83%  | 100% |
| Fisher House I               | Arlington County      | \$2,729,912  | \$1,526,143  | Tax Credit        | General        | 33  | 97%  | 100% |
| Fisher House II              | Arlington County      | \$6,530,000  | \$5,470,044  | Tax Credit        | General        | 68  | 96%  | 100% |
| Fitzgerald                   | Prince William County | \$54,000,000 | \$53,572,683 | Tax Credit        | General        | 280 | 92%  | 100% |
| Fitzgerald                   | Danville City         | \$3,480,000  | \$3,442,558  | Mixed Income Only | General        | 22  | 95%  | 100% |
| Florida Terrace              | Lynchburg City        | \$400,000    | \$383,376    | Tax Credit        | General        | 31  | 85%  | 100% |
| Floyd Village Square         | Floyd County          | \$1,272,922  | \$934,276    | MUMI (2)          | General        | 9   | n/a  | 100% |
| Forest at Angelwood          | King George County    | \$310,000    | \$217,930    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Forest Glen I                | Fairfax County        | \$8,700,000  | \$12,039,052 | Tax Credit        | Elderly        | 119 | 94%  | 100% |
| Forest Glen II               | Fairfax County        | \$11,785,000 | \$9,742,459  | Tax Credit        | Elderly        | 119 | 95%  | 100% |
| Forest Hills at Belview      | Montgomery County     | \$2,500,000  | \$1,915,640  | Tax Credit        | General        | 70  | 96%  | 100% |
| Forrest Landing II           | Newport News City     | \$5,600,000  | \$4,844,590  | Tax Credit        | General        | 64  | 100% | 100% |
| Fort Garfield                | Arlington County      | \$1,969,000  | \$1,415,376  | Conventional      | General        | 20  | n/a  | 100% |
| Fort Myer I                  | Arlington County      | \$485,000    | \$348,632    | Tax Credit        | General        | 11  | n/a  | 100% |
| Foundry                      | Richmond City         | \$25,950,000 | \$24,139,483 | Tax Credit        | General        | 200 | 75%  | 100% |
| Foxcroft                     | Hampton City          | \$5,000,000  | \$3,210,669  | Conventional      | General        | 120 | 95%  | 100% |
| Frank Roane                  | Lynchburg City        | \$630,000    | \$475,089    | Tax Credit        | Elderly        | 26  | 100% | 100% |
| Franklin South               | Franklin City         | \$152,000    | \$47,326     | Tax Credit, RD515 | General        | 32  | 97%  | 100% |
| Frederick at Courthouse      | Arlington County      | \$9,962,734  | \$7,297,530  | MUMI (2)          | General        | 108 | 94%  | 100% |
| Friendship Village           | Virginia Beach City   | \$5,405,000  | \$3,426,569  | Tax Credit        | General        | 109 | 99%  | 100% |
| Fulton Hill School           | Richmond City         | \$6,200,000  | \$5,623,765  | MUMI (2)          | General        | 33  | 100% | 100% |
| Fusion at Neon               | Norfolk City          | \$48,000,000 | \$45,931,513 | MUMI (2)          | General        | 237 | 97%  | 100% |
| Gateway Senior               | Augusta County        | \$6,420,000  | \$5,965,155  | Tax Credit        | Elderly        | 80  | 100% | 100% |
| Gateway Village              | Giles County          | \$663,649    | \$307,059    | Tax Credit, RD515 | General        | 42  | 88%  | 100% |
| Germanna Heights             | Orange County         | \$1,100,000  | \$838,042    | Tax Credit        | Elderly        | 50  | 98%  | 100% |
| Gilliam Place East           | Arlington County      | \$7,874,000  | \$7,053,434  | MUMI (2)          | General        | 83  | 100% | 100% |
| Gilliam Place West           | Arlington County      | \$6,740,000  | \$5,786,104  | Tax Credit        | General        | 90  | 96%  | 100% |
| Gladiola Crescent Group Home | Virginia Beach City   | \$190,000    | \$79,178     | Conventional      | Supportive Hsg | 5   | n/a  | 100% |
| Goodwyn at Union Hill        | Richmond City         | \$2,115,000  | \$1,806,624  | Tax Credit        | General        | 52  | 90%  | 100% |
| Grand Richmond at Brook Run  | Henrico County        | \$7,000,000  | \$5,451,344  | Tax Credit        | Elderly        | 120 | 95%  | 100% |
| Grande Oak III               | York County           | \$4,400,000  | \$4,390,466  | Tax Credit        | Elderly        | 49  | 96%  | 100% |
| Grayson Manor                | Grayson County        | \$427,000    | \$420,283    | Tax Credit, RD515 | Elderly        | 32  | 97%  | 100% |
| Great Oak                    | Newport News City     | \$4,144,470  | \$2,116,091  | Tax Credit        | Elderly        | 143 | 96%  | 100% |
| Greene Hills Estates         | Fairfax County        | \$21,150,000 | \$19,004,885 | Tax Credit        | General        | 100 | 100% | 100% |
| Greens at Northridge         | Culpeper County       | \$6,850,000  | \$4,404,214  | Tax Credit        | General        | 108 | 96%  | 100% |
| Greens at Virginia Center    | Henrico County        | \$12,850,000 | \$10,915,642 | Tax Credit        | General        | 180 | 97%  | 100% |
| Groom School                 | Mecklenburg County    | \$1,200,000  | \$1,051,372  | Tax Credit        | General        | 55  | 98%  | 100% |
| Grottoes II                  | Rockingham County     | \$940,000    | \$264,348    | Tax Credit        | General        | 34  | 94%  | 100% |
| Grottoes III                 | Rockingham County     | \$750,000    | \$265,032    | Tax Credit        | General        | 26  | 96%  | 100% |
| Grottoes Manor               | Rockingham County     | \$517,360    | \$386,252    | Tax Credit, RD515 | General        | 46  | 100% | 100% |
| Gum Springs Glen             | Fairfax County        | \$1,500,000  | \$557,814    | Tax Credit        | Elderly        | 60  | 98%  | 100% |
| Gypsy Hill House             | Staunton City         | \$2,350,000  | \$1,799,297  | Tax Credit        | Elderly        | 100 | 98%  | 100% |
| Hamilton Place I             | Portsmouth City       | \$4,375,000  | \$3,492,662  | Tax Credit        | General        | 84  | 96%  | 100% |
| Hamilton Place II            | Portsmouth City       | \$2,510,000  | \$1,948,992  | Tax Credit        | General        | 84  | 99%  | 100% |
| Harbor Inn                   | Virginia Beach City   | \$3,600,000  | \$1,205,988  | Conventional      | General        | 138 | 96%  | 100% |

|                                      |                       |              |              |                   |                |     |      |      |
|--------------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Hardywood Village                    | Richmond City         | \$33,200,000 | \$31,998,134 | Mixed Income Only | General        | 198 | 93%  | 100% |
| Hawk's Landing                       | Greene County         | \$4,100,000  | \$3,762,344  | Tax Credit        | General        | 50  | 100% | 100% |
| HDCofHR Hampton Scattered Sites      | Hampton City          | \$531,206    | \$428,699    | Conventional      | Supportive Hsg | 15  | n/a  | 100% |
| HDCofHR Newport News Scattered Sites | Newport News City     | \$284,509    | \$229,607    | Conventional      | Supportive Hsg | 4   | n/a  | 100% |
| Heather Glen                         | Radford City          | \$1,340,945  | \$749,936    | Tax Credit        | General        | 40  | 100% | 100% |
| Henley Place                         | Montgomery County     | \$2,175,000  | \$1,443,851  | Tax Credit        | General        | 41  | 98%  | 100% |
| Henry Williams                       | Petersburg City       | \$1,450,000  | \$1,094,053  | Tax Credit        | General        | 42  | 98%  | 100% |
| Heritage Museum                      | Waynesboro City       | \$550,000    | \$385,079    | MUMI (2)          | General        | 6   | n/a  | 100% |
| Hiatt Run                            | Frederick County      | \$17,750,000 | \$15,250,210 | Conventional      | General        | 121 | 93%  | 100% |
| Hickory Hope I                       | Albemarle County      | \$8,565,000  | \$8,516,005  | Tax Credit        | General        | 70  | 70%  | 100% |
| Hickory Hope II                      | Albemarle County      | \$5,765,000  | \$5,736,839  | Tax Credit        | General        | 51  | 70%  | 100% |
| Hiddenbrooke                         | Fairfax County        | \$285,000    | \$132,809    | Conventional      | Elderly        | 6   | n/a  | 100% |
| Highlands II                         | Rockingham County     | \$650,000    | \$203,616    | Tax Credit        | General        | 24  | 100% | 100% |
| Hillcrest Heights                    | Roanoke City          | \$950,000    | \$607,333    | Tax Credit        | General        | 24  | 100% | 100% |
| Historic Manor                       | Richmond City         | \$930,000    | \$600,569    | MUMI (2)          | General        | 17  | n/a  | 100% |
| HOPE Scattered Sites (3)             | Wythe County          | \$140,000    | \$109,191    | Conventional      | Supportive Hsg | 8   | n/a  | 100% |
| Hope Village                         | Portsmouth City       | \$1,815,000  | \$1,457,294  | Tax Credit        | General        | 48  | 94%  | 100% |
| Horner                               | Chesterfield County   | \$3,950,000  | \$3,933,150  | Tax Credit        | General        | 49  | 92%  | 100% |
| Huckleberry Court                    | Montgomery County     | \$2,800,000  | \$1,786,348  | Tax Credit        | General        | 50  | 98%  | 100% |
| Hunt Ridge I                         | Rockbridge County     | \$1,350,000  | \$815,828    | Tax Credit        | General        | 46  | 90%  | 100% |
| Hunt Ridge II                        | Rockbridge County     | \$680,000    | \$459,067    | Tax Credit        | General        | 24  | 90%  | 100% |
| Huntington Village                   | Newport News City     | \$6,170,000  | \$5,824,200  | Tax Credit        | General        | 96  | 100% | 100% |
| Hurt Park (3)                        | Roanoke City          | \$1,350,000  | \$933,965    | Tax Credit        | General        | 40  | 93%  | 100% |
| Hydro                                | Richmond City         | \$39,000,000 | \$37,255,662 | MUMI (2)          | General        | 226 | 97%  | 100% |
| Icon at City Walk                    | Norfolk City          | \$71,113,000 | \$63,096,221 | MUMI (2)          | General        | 269 | 94%  | 100% |
| Imperial Tobacco Lofts               | Lynchburg City        | \$4,706,030  | \$3,731,360  | MUMI (2)          | General        | 61  | 100% | 100% |
| Iron Bridge Road                     | Chesterfield County   | \$3,530,000  | \$2,909,625  | Tax Credit        | General        | 80  | 98%  | 100% |
| Ivy's Home                           | Virginia Beach City   | \$200,000    | \$137,666    | Conventional      | Supportive Hsg | 2   | n/a  | 100% |
| Jabez Court I and II                 | Franklin City         | \$194,000    | \$67,829     | Conventional      | General        | 6   | n/a  | 100% |
| Jameson at Kincora                   | Loudoun County        | \$81,676,136 | \$76,311,391 | Conventional      | General        | 333 | 97%  | 100% |
| Jefferson Brookville                 | Newport News City     | \$1,400,000  | \$687,732    | Tax Credit        | General        | 50  | 92%  | 100% |
| Jefferson Mews                       | Richmond City         | \$3,575,000  | \$2,623,155  | Tax Credit        | General        | 56  | 96%  | 100% |
| Joyfield Flats at Woodbridge         | Prince William County | \$42,715,000 | \$42,605,062 | Tax Credit        | General        | 240 | 98%  | 100% |
| Keysville Manor                      | Charlotte County      | \$350,000    | \$101,234    | Tax Credit, RD515 | General        | 24  | 100% | 100% |
| Kindlewood I (3)                     | Charlottesville City  | \$16,236,000 | \$15,466,067 | Tax Credit        | General        | 106 | 89%  | 100% |
| King William Manor                   | King William County   | \$3,055,000  | \$2,846,967  | Tax Credit        | Elderly        | 40  | 93%  | 100% |
| King William Village                 | King William County   | \$390,000    | \$163,377    | Tax Credit, RD515 | Elderly        | 32  | 97%  | 100% |
| Kingsbridge North                    | Chesapeake City       | \$4,520,000  | \$2,464,714  | Conventional      | General        | 102 | 95%  | 100% |
| Kingsridge I                         | Henrico County        | \$4,838,000  | \$4,198,485  | Tax Credit        | General        | 72  | 93%  | 100% |
| Kingsridge II                        | Henrico County        | \$5,880,000  | \$5,536,554  | Tax Credit        | General        | 71  | 99%  | 100% |
| Kingsridge III                       | Henrico County        | \$2,097,721  | \$1,988,609  | Tax Credit        | General        | 24  | 100% | 100% |
| Kippax Place                         | Hopewell City         | \$1,788,130  | \$1,368,504  | Tax Credit, RAD   | General        | 100 | 88%  | 100% |
| L and Z Historic                     | Richmond City         | \$1,120,000  | \$407,389    | Conventional      | General        | 14  | n/a  | 100% |
| Lacy Court                           | Alexandria City       | \$6,925,000  | \$5,929,727  | Tax Credits       | General        | 44  | 100% | 100% |
| Lafayette Square                     | Fredericksburg City   | \$765,000    | \$188,329    | Conventional      | Supportive Hsg | 12  | n/a  | 100% |
| Lafayette Square                     | James City County     | \$1,210,000  | \$703,193    | Tax Credit, RD515 | General        | 106 | 97%  | 100% |
| Lafayette Village Elderly            | James City County     | \$248,000    | \$142,517    | Tax Credit, RD515 | Elderly        | 32  | 97%  | 100% |
| Lafayette Village Family             | James City County     | \$1,255,000  | \$730,216    | Tax Credit, RD515 | General        | 112 | 98%  | 100% |
| Lake Anne House                      | Fairfax County        | \$46,500,000 | \$43,831,991 | Tax Credit, RAD   | Elderly        | 240 | 99%  | 100% |
| Lakeside Manor                       | Rockbridge County     | \$355,565    | \$265,459    | Tax Credit, RD515 | General        | 23  | 100% | 100% |
| Landings I - Mt. Vernon              | Alexandria City       | \$36,000,000 | \$31,970,738 | Conventional      | General        | 216 | 80%  | 100% |
| Landings II - Ft. Belvoir            | Fairfax County        | \$12,190,000 | \$10,787,607 | Conventional      | General        | 76  | 66%  | 100% |
| L'Arche 413 South Highland Street    | Arlington County      | \$500,000    | \$282,906    | Conventional      | Supportive Hsg | 4   | n/a  | 100% |

|                             |                      |              |              |                   |                |     |      |      |
|-----------------------------|----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Larkspur                    | Arlington County     | \$5,900,000  | \$4,293,245  | Conventional      | General        | 76  | 78%  | 100% |
| Larkspur                    | Galax City           | \$1,100,000  | \$738,746    | Tax Credits       | General        | 18  | n/a  | 100% |
| Lassiter Courts             | Newport News City    | \$1,500,000  | \$1,261,617  | Tax Credit, RAD   | General        | 100 | 89%  | 100% |
| Laurel Court                | Virginia Beach City  | \$2,775,000  | \$1,684,944  | Conventional      | General        | 80  | 96%  | 100% |
| Laurel Ridge                | Carroll County       | \$3,500,000  | \$3,157,533  | Tax Credits       | General        | 56  | 88%  | 100% |
| Laurel Woods                | Hanover County       | \$500,000    | \$217,682    | Tax Credit, RD515 | General        | 40  | 100% | 100% |
| Law Building                | Norfolk City         | \$22,150,000 | \$18,710,447 | MUMI (2)          | General        | 135 | 99%  | 100% |
| Lawrenceville Manor         | Brunswick County     | \$252,000    | \$56,716     | Tax Credit, RD515 | General        | 24  | 79%  | 100% |
| Lawson Building             | Roanoke City         | \$2,000,000  | \$1,482,423  | MUMI (2)          | General        | 25  | 92%  | 100% |
| Leavell Charles             | Fredericksburg City  | \$325,000    | \$99,159     | Conventional      | Supportive Hsg | 10  | n/a  | 100% |
| Lebanon Village I           | Surry County         | \$250,000    | \$88,592     | Tax Credit, RD515 | Elderly        | 24  | 100% | 100% |
| Lebanon Village II          | Surry County         | \$480,000    | \$334,470    | Tax Credit, RD515 | Elderly        | 24  | 92%  | 100% |
| Lee Overlook                | Fairfax County       | \$39,000,000 | \$36,755,728 | Tax Credit        | General        | 196 | 94%  | 100% |
| Lee Townhouses              | Caroline County      | \$590,000    | \$203,647    | RD515             | General        | 18  | n/a  | 100% |
| Leesburg II                 | Loudoun County       | \$20,000,000 | \$13,689,579 | Tax Credit        | General        | 248 | 95%  | 100% |
| Legacy I                    | Arlington County     | \$12,130,000 | \$12,114,053 | Tax Credit        | General        | 96  | 100% | 100% |
| Legacy II                   | Arlington County     | \$20,400,000 | \$20,333,698 | Tax Credit        | General        | 138 | 85%  | 100% |
| Leggett                     | Radford City         | \$950,000    | \$885,892    | MUMI (2)          | General        | 11  | n/a  | 100% |
| Levis Hill House            | Loudoun County       | \$930,000    | \$480,027    | Tax Credit        | Elderly        | 20  | n/a  | 100% |
| Lexington Place Phase I     | Portsmouth City      | \$6,291,000  | \$5,752,928  | MUMI (2)          | General        | 72  | 94%  | 100% |
| Lexington Senior            | Portsmouth City      | \$12,940,000 | \$12,847,334 | Tax Credit        | Elderly        | 105 | 100% | 100% |
| Liberty Crest               | Fairfax County       | \$24,400,000 | \$20,271,103 | MUMI (2)          | General        | 165 | 92%  | 100% |
| Lightfoot                   | Culpeper County      | \$5,669,380  | \$5,664,844  | Tax Credit        | General        | 60  | 97%  | 100% |
| Lincoln Mews I              | Richmond City        | \$2,911,000  | \$3,288,836  | Tax Credit        | General        | 115 | 89%  | 100% |
| Lincoln Mews II             | Richmond City        | \$2,363,000  | \$2,123,289  | Tax Credit        | General        | 130 | 83%  | 100% |
| Lindsay Hill Seniors        | Fairfax County       | \$1,215,000  | \$1,027,331  | MUMI (2)          | Elderly        | 55  | 91%  | 100% |
| Local                       | Winchester City      | \$39,370,000 | \$39,075,186 | Conventional      | General        | 198 | 70%  | 100% |
| Locker Room                 | Roanoke City         | \$4,550,000  | \$3,657,280  | MUMI (2)          | General        | 56  | 96%  | 100% |
| Locks Tower                 | Richmond City        | \$49,457,000 | \$46,202,361 | MUMI (2)          | General        | 237 | 93%  | 100% |
| Lofts at Beckstoffer's Mill | Richmond City        | \$1,545,000  | \$1,144,908  | MUMI (2)          | General        | 22  | 95%  | 100% |
| Lofts at Meadowcreek        | Charlottesville City | \$10,350,000 | \$9,294,568  | Conventional      | General        | 65  | 91%  | 100% |
| Lofts on First and Kirk     | Roanoke City         | \$1,025,000  | \$741,177    | Conventional      | General        | 12  | n/a  | 100% |
| Lofts on Jefferson          | Newport News City    | \$600,000    | \$453,397    | Conventional      | General        | 14  | n/a  | 100% |
| Longview on Broadway        | Roanoke City         | \$1,165,500  | \$1,023,512  | Conventional      | General        | 9   | n/a  | 100% |
| Loudoun View East           | Loudoun County       | \$6,020,000  | \$5,566,953  | Tax Credit        | Elderly        | 50  | 100% | 100% |
| Loudoun View West           | Loudoun County       | \$3,832,800  | \$3,603,364  | Tax Credit        | Elderly        | 48  | 100% | 100% |
| Luray Meadows               | Page County          | \$2,235,200  | \$2,061,901  | Tax Credit        | General        | 52  | 100% | 100% |
| Luray Village               | Page County          | \$800,000    | \$492,555    | Tax Credit, RD515 | Elderly        | 34  | 100% | 100% |
| Lynchburg High              | Lynchburg City       | \$1,070,000  | \$727,029    | Tax Credit        | General        | 74  | 91%  | 100% |
| Lynhaven (William Watters)  | Alexandria City      | \$2,310,000  | \$1,807,849  | Tax Credit        | General        | 49  | 57%  | 100% |
| Macedonia                   | Arlington County     | \$3,910,000  | \$2,865,271  | MUMI (2)          | General        | 36  | 97%  | 100% |
| Madison at Ballston Station | Arlington County     | \$9,150,000  | \$6,877,504  | Tax Credit        | General        | 100 | 97%  | 100% |
| Madison House               | Loudoun County       | \$1,300,000  | \$195,588    | Tax Credit        | Elderly        | 100 | 97%  | 100% |
| Madison Ridge               | Fairfax County       | \$11,750,000 | \$7,751,920  | Conventional      | General        | 98  | 98%  | 100% |
| Magnolia Place              | Nottoway County      | \$875,000    | \$836,622    | Tax Credit, RD515 | Elderly        | 56  | 98%  | 100% |
| Magruder Run II             | Hampton City         | \$14,420,000 | \$13,271,296 | Tax Credit        | General        | 144 | 91%  | 100% |
| Mallard Cove I              | Chesterfield County  | \$6,250,000  | \$4,238,579  | Mixed Income Only | General        | 144 | 94%  | 100% |
| Mallard Cove II             | Chesterfield County  | \$4,275,000  | \$2,937,939  | Mixed Income Only | General        | 108 | 94%  | 100% |
| Mangrove II                 | Norfolk City         | \$864,000    | \$719,271    | Conventional      | General        | 14  | n/a  | 100% |
| Manor View                  | Portsmouth City      | \$2,878,000  | \$288,170    | Conventional      | General        | 128 | 98%  | 100% |
| Maple Avenue                | Loudoun County       | \$4,061,314  | \$2,396,247  | Tax Credit        | General        | 60  | 100% | 100% |
| Maplewood                   | Chesapeake City      | \$20,205,333 | \$16,161,225 | Tax Credit        | General        | 320 | 96%  | 100% |
| Maplewoods Plaza            | Norfolk City         | \$2,100,000  | \$1,689,948  | MUMI (2)          | General        | 13  | n/a  | 100% |

|                                 |                       |              |              |                   |                  |     |      |      |
|---------------------------------|-----------------------|--------------|--------------|-------------------|------------------|-----|------|------|
| Marina Villa                    | Norfolk City          | \$17,690,000 | \$16,409,238 | Conventional      | General          | 105 | 100% | 100% |
| Market Heights I                | Norfolk City          | \$7,081,000  | \$6,699,755  | Tax Credit        | Supportive Hsg   | 80  | 91%  | 100% |
| Market Heights II               | Norfolk City          | \$8,995,000  | \$8,430,255  | Tax Credit        | General          | 84  | 93%  | 100% |
| Market Slip                     | Richmond City         | \$1,250,000  | \$390,697    | Tax Credit        | General          | 30  | 100% | 100% |
| Market Square III               | Chesterfield County   | \$1,870,000  | \$1,022,476  | Tax Credit        | Elderly          | 69  | 87%  | 100% |
| Market Square V                 | Chesterfield County   | \$3,400,000  | \$3,024,588  | Tax Credit        | Elderly          | 105 | 87%  | 100% |
| Market Woods                    | Chesterfield County   | \$3,135,000  | \$2,863,767  | Tax Credit        | Elderly          | 60  | 93%  | 100% |
| Maury River Place               | Rockbridge County     | \$1,250,000  | \$1,125,170  | Tax Credit, RD515 | General          | 40  | 100% | 100% |
| Meadowood                       | Norfolk City          | \$25,300,000 | \$21,112,265 | Conventional      | General          | 180 | 97%  | 100% |
| Meadows                         | Prince Edward County  | \$185,000    | \$87,134     | Tax Credit, RD515 | General          | 40  | 93%  | 100% |
| Meadows                         | Lynchburg City        | \$3,150,780  | \$2,420,087  | Tax Credit        | General          | 66  | 85%  | 100% |
| Meadows II - Wolf Creek Housing | Giles County          | \$150,000    | \$74,788     | Tax Credit        | General          | 11  | n/a  | 100% |
| Meadowview                      | Pulaski County        | \$785,322    | \$303,363    | Mixed Income Only | General          | 98  | 95%  | 100% |
| Mecklenburg Manor               | Mecklenburg County    | \$2,000,000  | \$1,988,866  | Tax Credit        | General          | 51  | 100% | 100% |
| Melton's Run                    | Carroll County        | \$630,000    | \$628,665    | Tax Credit        | General          | 48  | 79%  | 100% |
| Mercer Place                    | Lancaster County      | \$1,300,000  | \$826,887    | Conventional      | General          | 16  | n/a  | 100% |
| Meridian at Watermark I         | Chesterfield County   | \$31,513,871 | \$25,802,986 | Conventional      | General          | 204 | 96%  | 100% |
| Meridian at Watermark II        | Chesterfield County   | \$13,234,772 | \$10,933,469 | Mixed Income Only | General          | 96  | 96%  | 100% |
| Meridian Bay                    | Prince William County | \$41,950,501 | \$41,006,493 | Conventional      | General          | 345 | 94%  | 100% |
| Meridian Harbourview            | Suffolk City          | \$24,500,000 | \$20,691,269 | Conventional      | General          | 224 | 99%  | 100% |
| Meridian OBICI                  | Suffolk City          | \$31,159,071 | \$27,560,267 | Conventional      | General          | 224 | 88%  | 100% |
| Metro on Granby                 | Norfolk City          | \$22,010,000 | \$18,312,556 | MUMI (2)          | General          | 136 | 99%  | 100% |
| Mews on Little High Street      | Charlottesville City  | \$2,225,000  | \$1,708,512  | Tax Credit        | Supportive Hsg   | 40  | 88%  | 100% |
| Mezzo Lofts at City Center      | Richmond City         | \$14,560,000 | \$12,729,210 | MUMI (2)          | General          | 102 | 91%  | 100% |
| Middlebrook Trace               | Staunton City         | \$6,518,200  | \$6,473,669  | Tax Credit        | General          | 82  | 91%  | 100% |
| Middlebrook Trace II            | Staunton City         | \$3,504,000  | \$3,476,247  | Tax Credit        | General          | 48  | 88%  | 100% |
| Midpoint                        | Lynchburg City        | \$3,763,020  | \$2,895,696  | MUMI (2)          | General          | 48  | 100% | 100% |
| Mill Park Terrace               | Fredericksburg City   | \$1,435,000  | \$275,094    | Tax Credit        | Elderly          | 129 | 98%  | 100% |
| Miller Homes at Poplar Creek    | Halifax County        | \$700,000    | \$511,339    | Tax Credit        | General          | 46  | 98%  | 100% |
| Miller's Rest I                 | Lynchburg City        | \$5,800,000  | \$5,472,956  | Tax Credit        | General          | 80  | 73%  | 100% |
| Miller's Rest II - A            | Lynchburg City        | \$2,501,000  | \$2,422,811  | Tax Credit        | General          | 40  | 63%  | 100% |
| Miller's Rest II - B            | Lynchburg City        | \$7,170,000  | \$6,874,650  | Tax Credit        | General          | 75  | 73%  | 100% |
| Millsap Lane                    | Washington County     | \$515,000    | \$268,267    | Conventional      | General          | 8   | n/a  | 100% |
| Millview                        | Fauquier County       | \$2,500,000  | \$2,163,848  | Tax Credit        | General          | 28  | 86%  | 100% |
| Model Tobacco (4)               | Richmond City         | \$34,700,000 | \$0          | Conventional      | General          | 203 | 80%  | 100% |
| Moffett Manor                   | Fauquier County       | \$5,000,000  | \$3,021,587  | Tax Credit        | Elderly          | 98  | 93%  | 100% |
| Monmouth Woods                  | King George County    | \$10,015,000 | \$8,597,210  | Tax Credit        | General          | 152 | 89%  | 100% |
| Monroe Gates                    | Hampton City          | \$21,960,000 | \$20,597,414 | Mixed Income Only | General          | 162 | 94%  | 100% |
| Monterey                        | Hampton City          | \$750,000    | \$17,098     | Tax Credit        | General          | 40  | 73%  | 100% |
| Monticello Vista                | Charlottesville City  | \$1,825,000  | \$1,197,868  | Tax Credit        | General, Elderly | 50  | 84%  | 100% |
| Mount Vernon House              | Fairfax County        | \$11,050,000 | \$8,434,007  | Tax Credit        | Elderly          | 130 | 97%  | 100% |
| Mount Vernon Village            | Fairfax County        | \$341,100    | \$229,334    | Conventional      | Supportive Hsg   | 3   | n/a  | 100% |
| Mountain Crest                  | Bath County           | \$575,000    | \$445,512    | Tax Credit        | Elderly          | 28  | 100% | 100% |
| Mountain Laurel Manor I         | Augusta County        | \$3,060,000  | \$2,780,414  | Tax Credit        | General          | 48  | 98%  | 100% |
| Mountain Laurel Manor II        | Augusta County        | \$2,900,000  | \$2,669,734  | Tax Credit        | General          | 48  | 92%  | 100% |
| Mountain Laurel Manor III       | Augusta County        | \$3,520,000  | \$3,351,766  | Tax Credit        | General          | 48  | 94%  | 100% |
| Mountain Run                    | Culpeper County       | \$750,000    | \$158,196    | Tax Credit, RD515 | General          | 50  | 96%  | 100% |
| Mountain View                   | Waynesboro City       | \$2,600,000  | \$1,854,398  | Tax Credit        | General          | 130 | 95%  | 100% |
| Mutual Building                 | Richmond City         | \$30,030,000 | \$28,560,840 | MUMI (2)          | General          | 168 | 93%  | 100% |
| Mutual Pharmacy                 | Wise County           | \$550,000    | \$471,217    | MUMI (2)          | General          | 5   | n/a  | 100% |
| Narrows Town Offices            | Giles County          | \$750,000    | \$530,740    | Conventional      | General          | 8   | n/a  | 100% |
| Nest                            | Richmond City         | \$18,000,000 | \$16,864,719 | Conventional      | General          | 118 | 98%  | 100% |
| New Clay House II               | Richmond City         | \$2,340,000  | \$2,009,498  | Tax Credit        | Supportive Hsg   | 80  | 95%  | 100% |

|                                     |                       |              |              |                   |                |     |      |      |
|-------------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| New Manchester Flats I              | Richmond City         | \$5,648,000  | \$4,268,982  | Conventional      | General        | 57  | 93%  | 100% |
| New Manchester Flats III            | Richmond City         | \$1,250,000  | \$971,318    | MUMI (2)          | General        | 36  | 94%  | 100% |
| New Manchester Flats IV             | Richmond City         | \$6,500,000  | \$5,328,822  | Mixed Income Only | General        | 71  | 79%  | 100% |
| New Manchester Flats IX             | Richmond City         | \$1,300,000  | \$1,015,263  | Tax Credit        | General        | 41  | 95%  | 100% |
| New Manchester Flats V              | Richmond City         | \$10,010,000 | \$9,074,817  | Tax Credit        | General        | 104 | 88%  | 100% |
| New Phoenix Village                 | Newport News City     | \$1,802,000  | \$1,388,077  | Tax Credit        | Supportive Hsg | 48  | 96%  | 100% |
| New River Gardens                   | Radford City          | \$173,000    | \$153,320    | Tax Credit, RD515 | General        | 48  | 100% | 100% |
| Newport Village                     | Franklin City         | \$270,000    | \$130,296    | Tax Credit, RD515 | General        | 48  | 92%  | 100% |
| Newtown Crossing                    | Frederick County      | \$2,700,000  | \$2,367,471  | Conventional      | General        | 15  | n/a  | 100% |
| Nexus at West Alex                  | Alexandria City       | \$8,700,000  | \$7,731,210  | Tax Credit        | General        | 74  | 95%  | 100% |
| Noah III                            | Virginia Beach City   | \$1,105,000  | \$777,484    | Conventional      | Supportive Hsg | 9   | n/a  | 100% |
| Noah IV                             | Virginia Beach City   | \$885,000    | \$611,915    | Conventional      | Supportive Hsg | 7   | n/a  | 100% |
| NOON Hioaks                         | Richmond City         | \$26,250,000 | \$26,075,353 | Tax Credit        | General        | 218 | 92%  | 100% |
| NOON Ingram                         | Richmond City         | \$30,750,000 | \$30,697,362 | Tax Credit        | General        | 243 | 86%  | 100% |
| Norcroft                            | Richmond City         | \$2,188,301  | \$330,810    | Tax Credit        | Elderly        | 109 | 98%  | 100% |
| North Oak                           | Richmond City         | \$5,200,000  | \$3,907,771  | Mixed Income Only | General        | 143 | 90%  | 100% |
| Northway                            | Galax City            | \$575,000    | \$566,969    | Tax Credit        | General        | 72  | 82%  | 100% |
| Northwinds                          | Wythe County          | \$3,030,000  | \$2,445,406  | Tax Credit        | General        | 144 | 98%  | 100% |
| Norton Green                        | Norton City           | \$311,000    | \$224,600    | Tax Credit, RD515 | Elderly        | 40  | 98%  | 100% |
| Nottoway River Commons              | Sussex County         | \$1,045,000  | \$735,392    | Tax Credit, RD515 | General        | 44  | 98%  | 100% |
| Oakdale Square                      | Chesapeake City       | \$710,000    | \$343,241    | Tax Credit        | General        | 40  | 98%  | 100% |
| Oakland Village                     | Henrico County        | \$765,000    | \$241,541    | Tax Credit, RAD   | General        | 100 | 99%  | 100% |
| Oaks I                              | Fauquier County       | \$3,630,000  | \$2,203,723  | Tax Credit        | Elderly        | 96  | 99%  | 100% |
| Oaks II                             | Fauquier County       | \$750,000    | \$234,944    | Tax Credit        | Elderly        | 15  | n/a  | 100% |
| Oakwood North Four                  | Fairfax County        | \$7,919,000  | \$7,690,634  | Tax Credit        | Elderly        | 79  | 100% | 100% |
| Oakwood South Nine                  | Fairfax County        | \$6,338,000  | \$6,136,149  | Tax Credit        | Elderly        | 71  | 99%  | 100% |
| Ocean Trace                         | Virginia Beach City   | \$1,425,000  | \$1,052,879  | Conventional      | General        | 12  | n/a  | 100% |
| October Station                     | Suffolk City          | \$3,325,000  | \$2,814,429  | Tax Credit        | General        | 48  | 98%  | 100% |
| Old Hundred Trace                   | Chesterfield County   | \$7,540,000  | \$7,510,866  | Tax Credit        | General        | 54  | 98%  | 100% |
| Old Manchester Plaza I (3)          | Richmond City         | \$2,520,000  | \$1,869,122  | Tax Credit        | General        | 46  | 85%  | 100% |
| Old Manchester Plaza II             | Richmond City         | \$950,000    | \$660,747    | MUMI (2)          | General        | 4   | n/a  | 100% |
| Old Manchester Plaza III            | Richmond City         | \$300,000    | \$227,246    | MUMI (2)          | General        | 0   | n/a  | 100% |
| Old Prices Fork I                   | Montgomery County     | \$1,300,000  | \$1,042,423  | MUMI (2)          | Elderly        | 16  | n/a  | 100% |
| Old Prices Fork II                  | Montgomery County     | \$1,950,000  | \$1,760,154  | Mixed Income Only | General        | 16  | n/a  | 100% |
| Old Stone Row                       | Richmond City         | \$9,000,000  | \$7,225,821  | MUMI (2)          | General        | 97  | 91%  | 100% |
| Omni Park Place                     | Hanover County        | \$4,900,000  | \$4,453,317  | Tax Credit        | Elderly        | 61  | 100% | 100% |
| Orchard Mills                       | Prince William County | \$34,910,000 | \$24,121,070 | Tax Credit        | General        | 280 | 99%  | 100% |
| Orchard Ridge at Jackson Village I  | Spotsylvania County   | \$23,780,000 | \$21,489,702 | Tax Credit        | General        | 169 | 99%  | 100% |
| Orchard Ridge at Jackson Village II | Spotsylvania County   | \$10,800,000 | \$9,754,021  | Tax Credit        | General        | 76  | 97%  | 100% |
| Orchards at Belleville Harbour      | Suffolk City          | \$6,400,000  | \$4,030,494  | Mixed Income Only | Elderly        | 136 | 98%  | 100% |
| Origin Circle at Kindred            | Norfolk City          | \$18,800,000 | \$18,122,529 | MUMI (2)          | General        | 120 | 98%  | 100% |
| Overlook Ridge                      | Augusta County        | \$3,840,000  | \$3,837,791  | Tax Credit        | General        | 50  | 94%  | 100% |
| Overlook Terrace                    | Spotsylvania County   | \$4,875,000  | \$4,000,928  | Tax Credit        | General        | 72  | 92%  | 100% |
| Oxford Square                       | Tazewell County       | \$696,300    | \$366,790    | Tax Credit, RD515 | General        | 87  | 100% | 100% |
| Oyster Point - Brighton             | Newport News City     | \$2,950,000  | \$2,327,265  | Tax Credit, RAD   | General        | 196 | 84%  | 100% |
| Pace on Main                        | Danville City         | \$1,890,000  | \$1,626,090  | MUMI (2)          | General        | 14  | n/a  | 100% |
| Palmers Creek - Phase II            | Spotsylvania County   | \$33,850,000 | \$32,609,938 | Tax Credit        | General        | 200 | 76%  | 100% |
| Parc Crest at Poplar Forest         | Prince Edward County  | \$900,000    | \$636,126    | Tax Credit        | Elderly        | 44  | 95%  | 100% |
| ParcView                            | Alexandria City       | \$15,250,000 | \$10,917,483 | Mixed Income Only | General        | 149 | 87%  | 100% |
| Park Street Square                  | Roanoke City          | \$550,000    | \$374,566    | Tax Credit        | General        | 25  | 96%  | 100% |
| Parkside                            | Culpeper County       | \$2,400,000  | \$2,382,421  | Tax Credit        | Supportive Hsg | 37  | 100% | 100% |
| Parkside at Charles Street          | Newport News City     | \$13,640,000 | \$11,363,361 | Conventional      | General        | 148 | 94%  | 100% |
| Parkstone                           | Alexandria City       | \$82,650,000 | \$80,036,391 | Mixed Income Only | General        | 326 | 96%  | 100% |

|                                       |                      |              |              |                   |                |     |      |      |
|---------------------------------------|----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Parkview Gardens                      | Prince Edward County | \$2,050,000  | \$1,527,155  | Tax Credit        | General        | 80  | 98%  | 100% |
| Parkway Village                       | Waynesboro City      | \$2,266,000  | \$3,507,365  | Tax Credit        | General        | 126 | 91%  | 100% |
| Pathway Homes 4024 Hirst Drive        | Fairfax County       | \$780,000    | \$449,462    | Conventional      | Supportive Hsg | 8   | n/a  | 100% |
| Pathway Homes Fairfax                 | Fairfax County       | \$316,512    | \$204,245    | Conventional      | Supportive Hsg | 9   | n/a  | 100% |
| Patrick Henry Lofts                   | Roanoke City         | \$11,075,000 | \$8,868,058  | MUMI (2)          | General        | 133 | 97%  | 100% |
| Pavilion                              | Newport News City    | \$2,130,000  | \$1,608,910  | Tax Credit        | General        | 32  | 94%  | 100% |
| Pecan Acres Estates I                 | Petersburg City      | \$5,086,264  | \$4,624,562  | Tax Credit, RAD   | General        | 50  | 94%  | 100% |
| Pendleton Park                        | Alexandria City      | \$2,500,000  | \$1,699,376  | Tax Credit        | General        | 24  | 96%  | 100% |
| Penny at Jackson Ward                 | Richmond City        | \$24,300,000 | \$22,789,116 | MUMI (2)          | General        | 166 | 92%  | 100% |
| Perry Street Lofts                    | Petersburg City      | \$16,644,996 | \$10,636,595 | Conventional      | General        | 149 | 78%  | 100% |
| Peters Creek                          | Roanoke County       | \$9,550,000  | \$7,922,393  | Tax Credit        | General        | 168 | 96%  | 100% |
| Phelps Road Place                     | Amherst County       | \$125,000    | \$87,673     | Tax Credit        | Elderly        | 22  | 100% | 100% |
| Pilot House                           | Newport News City    | \$8,575,000  | \$7,313,941  | Tax Credit        | General        | 132 | 98%  | 100% |
| Pin Oaks Estates                      | Petersburg City      | \$8,694,361  | \$8,177,025  | Tax Credit, RAD   | General        | 98  | 97%  | 100% |
| Pine and Ninth Street                 | Charlottesville City | \$652,000    | \$223,010    | Conventional      | Supportive Hsg | 8   | n/a  | 100% |
| Pine Forest                           | King George County   | \$169,993    | \$148,089    | Tax Credit, RD515 | General        | 40  | 100% | 100% |
| Pine Street North                     | Charlottesville City | \$504,000    | \$257,632    | Conventional      | Supportive Hsg | 6   | n/a  | 100% |
| Pincrest                              | Bedford County       | \$2,450,000  | \$2,210,387  | Tax Credit, RD515 | General        | 64  | 98%  | 100% |
| Piper Square                          | Hopewell City        | \$8,655,000  | \$8,279,910  | Tax Credit, RAD   | General        | 104 | 90%  | 100% |
| Piper's Landing                       | Virginia Beach City  | \$5,512,327  | \$4,229,975  | Conventional      | General        | 153 | 92%  | 100% |
| Planters Woods                        | Mecklenburg County   | \$525,000    | \$426,750    | Tax Credit, RD515 | General        | 46  | 100% | 100% |
| Ponce de Leon                         | Roanoke City         | \$7,655,000  | \$5,975,109  | MUMI (2)          | General        | 90  | 97%  | 100% |
| Poplar Forest                         | Prince Edward County | \$3,904,664  | \$3,169,046  | Conventional      | General        | 66  | 94%  | 100% |
| Port 58 at Hillpoint Farms            | Suffolk City         | \$40,950,000 | \$38,009,622 | Mixed Income Only | General        | 230 | 95%  | 100% |
| Potomac Crest                         | Stafford County      | \$17,400,000 | \$16,330,511 | Tax Credit        | General        | 144 | 97%  | 100% |
| Powell Valley Village                 | Lee County           | \$693,000    | \$594,661    | Tax Credit, RD515 | General        | 34  | 100% | 100% |
| Preston Lake                          | Rockingham County    | \$22,218,000 | \$20,752,167 | Conventional      | General        | 144 | 92%  | 100% |
| Preston Place                         | Frederick County     | \$16,400,000 | \$12,209,209 | Tax Credit        | General        | 236 | 95%  | 100% |
| Pretlow-Old Town                      | Franklin City        | \$1,250,000  | \$925,643    | Tax Credit, RAD   | General        | 75  | 92%  | 100% |
| Progress Street Center                | Fredericksburg City  | \$735,000    | \$114,521    | MUMI (2)          | Supportive Hsg | 6   | n/a  | 100% |
| Pulaski Lofts                         | Pulaski County       | \$12,700,000 | \$12,686,067 | Conventional      | General        | 102 | 54%  | 100% |
| Pulaski Village                       | Pulaski County       | \$710,000    | \$512,753    | Tax Credit, RD515 | Elderly        | 44  | 95%  | 100% |
| Quaker Hill                           | Alexandria City      | \$3,182,000  | \$2,321,065  | Tax Credit        | General        | 60  | 95%  | 100% |
| Quarry Station                        | Manassas City        | \$4,505,000  | \$4,349,598  | Tax Credit        | Elderly        | 80  | 98%  | 100% |
| Quarter Mill                          | Henrico County       | \$14,700,000 | \$10,511,898 | Tax Credit        | General        | 266 | 95%  | 100% |
| Quarterpath Place                     | Williamsburg City    | \$3,617,500  | \$2,688,745  | Conventional      | General        | 54  | 98%  | 100% |
| Quarters at Park View                 | Portsmouth City      | \$20,450,000 | \$17,293,898 | Conventional      | General        | 140 | 94%  | 100% |
| Quebec                                | Arlington County     | \$19,800,000 | \$14,489,644 | Tax Credit        | General        | 172 | 90%  | 100% |
| Queens Court North                    | Arlington County     | \$19,320,000 | \$17,956,401 | Mixed Income Only | General        | 159 | 99%  | 100% |
| Queens Court South                    | Arlington County     | \$9,245,000  | \$8,654,480  | Tax Credit        | General        | 90  | 100% | 100% |
| R. C. Apartments                      | Richmond City        | \$786,000    | \$506,545    | MUMI (2)          | General        | 7   | n/a  | 100% |
| Radford Fitness Center                | Radford City         | \$525,000    | \$369,661    | MUMI (2)          | General        | 8   | n/a  | 100% |
| Rappahannock                          | Essex County         | \$228,000    | \$118,688    | Tax Credit, RD515 | General        | 30  | 100% | 100% |
| Regency at Longhill                   | James City County    | \$23,100,000 | \$18,685,341 | Conventional      | General        | 224 | 99%  | 100% |
| Renaissance I                         | Virginia Beach City  | \$8,660,000  | \$7,724,408  | Tax Credit        | General        | 96  | 98%  | 100% |
| Renaissance II                        | Virginia Beach City  | \$9,500,000  | \$8,410,750  | Tax Credit        | General        | 96  | 99%  | 100% |
| Renaissance III                       | Virginia Beach City  | \$6,850,000  | \$6,139,406  | Conventional      | General        | 48  | 98%  | 100% |
| Reserve at Daleville                  | Botetourt County     | \$32,600,000 | \$30,491,036 | Conventional      | General        | 188 | 97%  | 100% |
| Reserve at Stone Port II              | Rockingham County    | \$40,560,000 | \$37,647,568 | Conventional      | General        | 240 | 88%  | 100% |
| Residences at North Hill I - B        | Fairfax County       | \$8,400,000  | \$7,919,183  | Tax Credit        | General        | 47  | 89%  | 100% |
| Residences at North Hill II - A       | Fairfax County       | \$10,225,000 | \$9,695,838  | Tax Credit        | General        | 75  | 93%  | 100% |
| Residences at North Hill II - B       | Fairfax County       | \$14,650,000 | \$13,832,306 | Tax Credit        | General        | 94  | 91%  | 100% |
| Residences at North Hill Senior I - A | Fairfax County       | \$8,180,000  | \$7,964,881  | Tax Credit        | Elderly        | 63  | 98%  | 100% |

|                                  |                       |              |              |                   |         |     |      |      |
|----------------------------------|-----------------------|--------------|--------------|-------------------|---------|-----|------|------|
| Residences at October            | Suffolk City          | \$1,800,000  | \$1,394,952  | Tax Credit        | General | 72  | 96%  | 100% |
| Reston Herndon II                | Fairfax County        | \$339,300    | \$42,886     | Conventional      | General | 3   | n/a  | 100% |
| Reston Herndon III               | Fairfax County        | \$450,000    | \$100,768    | Conventional      | General | 3   | n/a  | 100% |
| Retreat at Harbor Pointe         | Norfolk City          | \$27,715,000 | \$25,375,918 | Tax Credit        | General | 246 | 96%  | 100% |
| Reunion Senior Living at Kindred | Norfolk City          | \$8,700,000  | \$8,344,744  | Mixed Income Only | Elderly | 72  | 100% | 100% |
| Richmond Dairy                   | Richmond City         | \$4,400,000  | \$2,310,630  | Mixed Income Only | General | 113 | 86%  | 100% |
| Richmond Family Housing 1        | Richmond City         | \$11,974,129 | \$11,974,129 | Tax Credit, RAD   | General | 122 | 94%  | 100% |
| Richmond Family Housing 2        | Richmond City         | \$8,470,971  | \$8,470,971  | Tax Credit, RAD   | General | 82  | 93%  | 100% |
| Ridge I                          | Shenandoah County     | \$890,000    | \$321,127    | Tax Credit        | General | 38  | 95%  | 100% |
| Ridge II                         | Shenandoah County     | \$950,000    | \$373,938    | Tax Credit        | General | 38  | 95%  | 100% |
| Ridge III                        | Shenandoah County     | \$115,000    | \$385,947    | Tax Credit        | General | 24  | 95%  | 100% |
| Ridgecrest Town                  | Bristol City          | \$2,550,000  | \$1,910,304  | Tax Credit        | General | 72  | 96%  | 100% |
| RIHC Townhouses                  | Fairfax County        | \$245,000    | \$12,623     | Conventional      | General | 3   | n/a  | 100% |
| Rise at Regency I                | Henrico County        | \$58,000,000 | \$55,485,263 | Conventional      | General | 320 | 96%  | 100% |
| River House                      | Roanoke City          | \$11,275,000 | \$8,285,546  | MUMI (2)          | General | 128 | 98%  | 100% |
| River Street Lofts               | Petersburg City       | \$1,200,000  | \$943,256    | MUMI (2)          | General | 8   | n/a  | 100% |
| Riverbend II                     | Gloucester County     | \$4,125,000  | \$3,787,380  | Tax Credit        | General | 60  | 100% | 100% |
| Riverbend III                    | Gloucester County     | \$2,950,000  | \$2,704,082  | Tax Credit        | General | 28  | 96%  | 100% |
| Rivermeade II                    | York County           | \$290,000    | \$157,970    | Tax Credit, RD515 | General | 32  | 100% | 100% |
| Rivers                           | Chesapeake City       | \$2,490,000  | \$1,504,078  | Tax Credit, RD515 | General | 240 | 98%  | 100% |
| Riverside Park                   | Hopewell City         | \$3,515,000  | \$1,246,352  | Conventional      | General | 120 | 96%  | 100% |
| Riverside Station I              | Norfolk City          | \$14,000,000 | \$13,380,957 | Tax Credit        | General | 120 | 96%  | 100% |
| Riverside Station II             | Norfolk City          | \$14,950,000 | \$14,243,498 | Tax Credit        | General | 116 | 100% | 100% |
| Riverstone                       | Chesapeake City       | \$3,433,000  | \$629,426    | Conventional      | General | 92  | 84%  | 100% |
| Riverwoods                       | Prince William County | \$11,700,000 | \$9,077,595  | Tax Credit        | General | 156 | 92%  | 100% |
| Roanoke Apartments               | Newport News City     | \$735,000    | \$633,594    | Conventional      | General | 12  | n/a  | 100% |
| Robert Regan Village             | Clarke County         | \$16,700,000 | \$15,622,149 | Tax Credit        | Elderly | 120 | 86%  | 100% |
| Robinson Park                    | Rockingham County     | \$3,185,000  | \$2,693,289  | Tax Credit        | General | 88  | 97%  | 100% |
| Roland E. Cook Lofts             | Roanoke County        | \$2,150,000  | \$1,748,220  | Conventional      | General | 21  | 100% | 100% |
| Rolling Meadows                  | James City County     | \$14,325,000 | \$12,361,801 | Tax Credit        | General | 200 | 98%  | 100% |
| Rosa                             | Richmond City         | \$4,172,000  | \$3,887,949  | Tax Credit, RAD   | Elderly | 72  | 99%  | 100% |
| Round Hill Meadows               | Orange County         | \$2,650,000  | \$2,000,389  | Tax Credit        | General | 60  | 95%  | 100% |
| Round Hill Meadows Place         | Orange County         | \$3,520,000  | \$2,667,648  | Conventional      | General | 40  | 95%  | 100% |
| Royal Hills I                    | Warren County         | \$600,000    | \$423,792    | Tax Credit, RD515 | General | 46  | 100% | 100% |
| Rutledge Hills                   | Amherst County        | \$540,000    | \$343,378    | Tax Credit, RD515 | General | 48  | 100% | 100% |
| Salem Run I                      | Spotsylvania County   | \$29,200,000 | \$28,294,861 | Tax Credit        | General | 160 | 98%  | 100% |
| Salem Run II                     | Spotsylvania County   | \$21,700,000 | \$21,009,335 | Tax Credit        | General | 108 | 94%  | 100% |
| Sandston Woods                   | Henrico County        | \$1,500,000  | \$1,040,295  | Tax Credit, RD515 | General | 64  | 100% | 100% |
| Sapling Grove                    | Bristol City          | \$450,000    | \$290,729    | Tax Credit        | General | 26  | 100% | 100% |
| Saratoga Place                   | Suffolk City          | \$9,418,000  | \$9,364,472  | Tax Credit        | General | 76  | 100% | 100% |
| Scottsville School               | Albemarle County      | \$1,430,000  | \$1,060,041  | Tax Credit        | Elderly | 34  | 56%  | 100% |
| Scout                            | Richmond City         | \$33,700,000 | \$31,536,835 | MUMI (2)          | General | 218 | 93%  | 100% |
| Seaside Harbor (3)               | Virginia Beach City   | \$2,400,000  | \$2,062,932  | Tax Credit        | General | 76  | 100% | 100% |
| Senseny Place                    | Frederick County      | \$3,350,000  | \$3,193,319  | Tax Credit        | Elderly | 63  | 100% | 100% |
| Shalom                           | Lynchburg City        | \$325,000    | \$234,290    | Tax Credit        | General | 46  | 91%  | 100% |
| Shell                            | Arlington County      | \$8,550,000  | \$6,861,999  | MUMI (2)          | General | 83  | 98%  | 100% |
| Shell Gardens                    | Hampton City          | \$750,000    | \$8,581      | Tax Credit        | General | 48  | 75%  | 100% |
| Shelton                          | Arlington County      | \$9,000,000  | \$6,662,851  | MUMI (2)          | General | 94  | 91%  | 100% |
| Shire                            | Chesapeake City       | \$1,935,000  | \$1,546,803  | Tax Credit        | General | 40  | 98%  | 100% |
| Shockoe Valley View I            | Richmond City         | \$12,400,000 | \$9,935,909  | Conventional      | General | 151 | 87%  | 100% |
| Shockoe Valley View II           | Richmond City         | \$9,950,000  | \$8,581,575  | MUMI (2)          | General | 87  | 95%  | 100% |
| Smith Seeds                      | Danville City         | \$2,363,000  | \$2,119,760  | MUMI (2)          | General | 20  | n/a  | 100% |
| Smokey Ridge                     | Montgomery County     | \$330,000    | \$256,460    | Tax Credit, RD515 | General | 52  | 96%  | 100% |

|                                   |                       |              |              |                   |                |     |      |      |
|-----------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Somanath Seniors at Beckstoffer's | Richmond City         | \$1,285,000  | \$961,791    | Tax Credit        | Elderly        | 39  | 90%  | 100% |
| Somerset at Town Center           | Hampton City          | \$14,037,000 | \$11,624,414 | Tax Credit        | Elderly        | 151 | 99%  | 100% |
| South Falls I                     | Richmond City         | \$43,000,000 | \$40,432,897 | MUMI (2)          | General        | 255 | 95%  | 100% |
| South First Street I              | Charlottesville City  | \$4,000,000  | \$3,763,368  | Tax Credit        | General        | 62  | 89%  | 100% |
| South Knight                      | Fairfax County        | \$307,000    | \$57,362     | Conventional      | General        | 3   | n/a  | 100% |
| Southside Gardens                 | Portsmouth City       | \$2,100,000  | \$3,322,470  | Tax Credit        | General        | 134 | 96%  | 100% |
| Spicer's Mill                     | Orange County         | \$314,000    | \$188,268    | Tax Credit, RD515 | General        | 40  | 98%  | 100% |
| Spratley House                    | Newport News City     | \$1,400,000  | \$1,223,126  | Tax Credit, RAD   | Supportive Hsg | 50  | 96%  | 100% |
| Spring Creek                      | Norfolk City          | \$1,850,000  | \$1,060,925  | Conventional      | General        | 62  | 92%  | 100% |
| Springs                           | Arlington County      | \$8,565,000  | \$6,878,134  | MUMI (2)          | General        | 104 | 97%  | 100% |
| St. James Street                  | Petersburg City       | \$172,800    | \$26,817     | Conventional      | General        | 6   | n/a  | 100% |
| Stafford Lakes                    | Stafford County       | \$4,850,000  | \$484,841    | Tax Credit        | General        | 150 | 97%  | 100% |
| Station at Chester Village        | Chesterfield County   | \$33,400,000 | \$31,597,637 | Mixed Income Only | General        | 201 | 96%  | 100% |
| Station at Potomac Yard           | Alexandria City       | \$8,350,000  | \$6,632,631  | MUMI (2)          | General        | 64  | 97%  | 100% |
| Steeplechase Manor                | Fauquier County       | \$5,520,000  | \$5,120,918  | Tax Credit        | General        | 56  | 96%  | 100% |
| Stepping Stone                    | Roanoke City          | \$500,000    | \$214,772    | Tax Credit        | General        | 30  | 97%  | 100% |
| Stevens Woods                     | Southampton County    | \$1,745,000  | \$1,254,042  | Tax Credit, RD515 | General        | 60  | 100% | 100% |
| Stonegate                         | Lee County            | \$296,380    | \$137,129    | Tax Credit, RD515 | General        | 36  | 86%  | 100% |
| Studios II                        | Richmond City         | \$357,263    | \$280,883    | Tax Credit        | Supportive Hsg | 39  | 100% | 100% |
| Suites at Port Warwick            | Newport News City     | \$11,500,000 | \$6,341,039  | Conventional      | General        | 314 | 92%  | 100% |
| Summer Haven                      | Virginia Beach City   | \$3,300,000  | \$2,750,620  | MUMI (2)          | General        | 57  | 96%  | 100% |
| Summit                            | Richmond City         | \$30,400,000 | \$28,536,320 | Tax Credit, RAD   | General        | 166 | 96%  | 100% |
| Summit                            | Hopewell City         | \$2,209,000  | \$1,649,894  | MUMI (2)          | General        | 56  | 93%  | 100% |
| Summit Oaks                       | Fairfax County        | \$13,600,000 | \$13,494,290 | Tax Credit        | General        | 50  | 100% | 100% |
| Sunnyside Village I               | Northampton County    | \$88,000     | \$9,819      | Conventional      | General        | 16  | n/a  | 100% |
| Sunrise                           | Charlottesville City  | \$4,320,000  | \$4,011,786  | Conventional      | General        | 22  | 100% | 100% |
| Sunset Creek                      | Hampton City          | \$13,600,000 | \$12,246,295 | Tax Credit        | General        | 160 | 98%  | 100% |
| Surry Village I                   | Surry County          | \$700,000    | \$270,282    | Tax Credit, RD515 | General        | 48  | 96%  | 100% |
| Surry Village II                  | Surry County          | \$300,000    | \$211,897    | Tax Credit, RD515 | General        | 32  | 94%  | 100% |
| Sweetbriar I                      | Washington County     | \$517,045    | \$361,974    | Tax Credit        | General        | 20  | n/a  | 100% |
| Sycamore Towers                   | Petersburg City       | \$4,000,000  | \$3,363,725  | Tax Credit, RAD   | Elderly        | 100 | 97%  | 100% |
| Taylor Bend                       | Chesapeake City       | \$3,268,000  | \$2,207,069  | Conventional      | General        | 30  | 97%  | 100% |
| Tazewell Square                   | Tazewell County       | \$307,000    | \$161,716    | Tax Credit, RD515 | General        | 56  | 98%  | 100% |
| Terwilliger East                  | Arlington County      | \$11,910,000 | \$11,153,522 | Tax Credit        | General        | 80  | 98%  | 100% |
| Terwilliger West                  | Arlington County      | \$7,930,000  | \$7,506,398  | Tax Credit        | General        | 80  | 100% | 100% |
| Thrive                            | Chesapeake City       | \$7,600,000  | \$6,299,505  | Tax Credit        | General        | 102 | 100% | 100% |
| Tobacco Landing                   | Richmond City         | \$1,000,000  | \$234,241    | Tax Credit        | General        | 62  | 98%  | 100% |
| Tomcliff III                      | Richmond City         | \$925,000    | \$374,157    | Conventional      | General        | 5   | n/a  | 100% |
| Tomcliff IV                       | Richmond City         | \$945,000    | \$163,289    | Conventional      | General        | 2   | n/a  | 100% |
| Tomcliff VI                       | Richmond City         | \$1,220,000  | \$312,300    | Conventional      | General        | 4   | n/a  | 100% |
| Toms Brook School                 | Shenandoah County     | \$315,000    | \$216,311    | Tax Credit        | General        | 14  | n/a  | 100% |
| Towne Square                      | Prince William County | \$15,000,000 | \$10,529,501 | Tax Credit        | General        | 135 | 88%  | 100% |
| Townhomes at Liberty Place        | Richmond City         | \$4,210,000  | \$4,199,504  | Tax Credit        | General        | 40  | 100% | 100% |
| Townhomes at Warwick Place        | Richmond City         | \$2,725,000  | \$2,307,575  | Tax Credit        | General        | 40  | 100% | 100% |
| Townhomes at Warwick Place II     | Richmond City         | \$1,800,000  | \$1,608,775  | Tax Credit        | General        | 30  | 93%  | 100% |
| Townsquare at Dumfries            | Prince William County | \$31,080,000 | \$28,822,294 | Tax Credit        | General        | 227 | 97%  | 100% |
| Tranquility at the Lakes          | Virginia Beach City   | \$1,579,000  | \$1,286,954  | Tax Credit        | Elderly        | 40  | 98%  | 100% |
| Trevilian Square                  | Louisa County         | \$1,120,000  | \$782,682    | Conventional      | General        | 28  | 93%  | 100% |
| Tripoli Landing                   | Prince William County | \$8,700,000  | \$8,552,530  | Conventional      | General        | 51  | 78%  | 100% |
| Tuscany Townhomes                 | Richmond City         | \$4,792,502  | \$3,252,973  | Tax Credit        | General        | 132 | 95%  | 100% |
| Tysons Landing                    | Fairfax County        | \$1,500,000  | \$620,474    | Tax Credit        | General        | 40  | 100% | 100% |
| Tysons Towers                     | Fairfax County        | \$19,000,000 | \$16,595,741 | Tax Credit, RAD   | Elderly        | 274 | 97%  | 100% |
| Unity Homes at Ballston           | Arlington County      | \$12,650,000 | \$12,378,237 | MUMI (2)          | General        | 144 | 99%  | 100% |

|                                  |                       |              |              |                   |                |     |      |      |
|----------------------------------|-----------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Unity Place at Kindred           | Norfolk City          | \$23,370,000 | \$23,243,137 | Mixed Income Only | General        | 140 | 92%  | 100% |
| Urban Hope - N 20th              | Richmond City         | \$250,000    | \$221,825    | Conventional      | General        | 4   | n/a  | 100% |
| Urban Hope Renewal               | Richmond City         | \$725,000    | \$715,375    | Conventional      | General        | 16  | n/a  | 100% |
| Urban Hope: Chimborazo Boulevard | Richmond City         | \$315,000    | \$259,206    | Conventional      | General        | 4   | n/a  | 100% |
| Urbana at Hioaks                 | Richmond City         | \$26,300,000 | \$25,109,849 | Tax Credit        | General        | 216 | 92%  | 100% |
| Valley Vista                     | Shenandoah County     | \$2,129,100  | \$1,466,219  | Tax Credit        | General        | 85  | 96%  | 100% |
| Valor                            | Fredericksburg City   | \$16,750,000 | \$14,776,631 | Tax Credit        | General        | 128 | 95%  | 100% |
| Valor West                       | Fredericksburg City   | \$17,900,000 | \$16,080,894 | Tax Credit        | General        | 120 | 98%  | 100% |
| Van De Vyver                     | Richmond City         | \$12,160,000 | \$11,079,834 | MUMI (2)          | General        | 82  | 88%  | 100% |
| Victoria Park                    | Prince William County | \$8,900,000  | \$7,004,606  | Tax Credit        | Elderly        | 110 | 95%  | 100% |
| Victoria Place                   | Lunenburg County      | \$550,000    | \$375,252    | Tax Credit, RD515 | Elderly        | 39  | 100% | 100% |
| Victory Village                  | Portsmouth City       | \$7,980,000  | \$6,568,912  | Tax Credit        | General        | 112 | 97%  | 100% |
| Vida East                        | Richmond City         | \$20,750,000 | \$18,581,566 | Conventional      | General        | 178 | 84%  | 100% |
| View at Broadlands (3)           | Loudoun County        | \$16,800,000 | \$16,327,695 | Tax Credit        | General        | 93  | 91%  | 100% |
| Village at Oakview               | Bristol City          | \$825,000    | \$652,807    | Tax Credit        | General        | 48  | 100% | 100% |
| Village at Rockbridge            | Rockbridge County     | \$1,500,000  | \$1,063,940  | Tax Credit        | General        | 64  | 98%  | 100% |
| Village Green                    | Gloucester County     | \$330,000    | \$271,117    | Tax Credit, RD515 | General        | 32  | 100% | 100% |
| Villas at October                | Suffolk City          | \$2,860,000  | \$2,417,364  | Tax Credit        | General        | 39  | 97%  | 100% |
| Villas at Reid Landing           | Suffolk City          | \$3,250,000  | \$2,993,904  | Tax Credit        | Elderly        | 51  | 98%  | 100% |
| Virrita Court                    | Charlottesville City  | \$765,000    | \$484,183    | Tax Credit        | General        | 16  | n/a  | 100% |
| vPoint Clarendon                 | Arlington County      | \$14,500,000 | \$11,700,703 | Tax Credit        | General        | 116 | 99%  | 100% |
| Vue                              | Albemarle County      | \$21,750,000 | \$19,928,014 | Conventional      | General        | 126 | 88%  | 100% |
| Vue at Westchester Commons       | Chesterfield County   | \$36,000,000 | \$33,501,149 | Conventional      | General        | 238 | 92%  | 100% |
| Waddell Estates                  | Smyth County          | \$605,000    | \$320,227    | Conventional      | General        | 17  | n/a  | 100% |
| Walker Virginia Center           | Henrico County        | \$55,700,000 | \$55,577,922 | Mixed Income Only | General        | 275 | 85%  | 100% |
| Washburn Place                   | Fauquier County       | \$3,420,545  | \$2,957,319  | Tax Credit        | General        | 30  | 100% | 100% |
| Washington Square                | Emporia City          | \$222,396    | \$197,098    | Tax Credit, RD515 | General        | 24  | 100% | 100% |
| Waverton Impressions I & II      | Newport News City     | \$27,000,000 | \$23,653,764 | Conventional      | General        | 282 | 99%  | 100% |
| Waverton Impressions III         | Newport News City     | \$12,800,000 | \$11,305,116 | Conventional      | General        | 132 | 97%  | 100% |
| Waxpool (3)                      | Loudoun County        | \$9,265,000  | \$8,941,895  | Tax Credit        | General        | 52  | 94%  | 100% |
| Wellesley                        | Newport News City     | \$1,094,000  | \$1,076,790  | Tax Credit        | General        | 40  | 100% | 100% |
| West Main Development            | Pulaski County        | \$425,000    | \$357,381    | MUMI (2)          | General        | 4   | n/a  | 100% |
| West Main Street Townhouses      | Pulaski County        | \$550,000    | \$119,462    | Conventional      | General        | 13  | n/a  | 100% |
| West View                        | Henrico County        | \$68,847,000 | \$66,663,516 | Mixed Income Only | General        | 282 | 90%  | 100% |
| Westbridge Commons               | Chesapeake City       | \$780,000    | \$139,708    | Tax Credit        | General        | 60  | 98%  | 100% |
| Westminster Oaks                 | Fairfax County        | \$5,500,000  | \$4,403,353  | Tax Credit        | General        | 50  | 98%  | 100% |
| Weston Circle                    | Fredericksburg City   | \$13,200,000 | \$10,383,067 | Tax Credit        | General        | 150 | 93%  | 100% |
| Wexford Manor I                  | Fairfax County        | \$3,600,000  | \$2,890,022  | Tax Credit        | General        | 38  | 100% | 100% |
| Wexford Manor II                 | Fairfax County        | \$4,625,000  | \$3,728,921  | Tax Credit        | General        | 36  | 89%  | 100% |
| Wheatland                        | Franklin County       | \$656,000    | \$283,552    | Conventional      | General        | 11  | n/a  | 100% |
| Whittaker Place                  | Newport News City     | \$3,900,000  | \$3,193,773  | Tax Credit        | General        | 67  | 90%  | 100% |
| Wicklow Square                   | Fredericksburg City   | \$7,000,000  | \$5,607,243  | Tax Credit        | General        | 96  | 95%  | 100% |
| William Byrd                     | Richmond City         | \$4,900,000  | \$3,976,690  | MUMI (2)          | Elderly        | 104 | 99%  | 100% |
| William Watters (Lynhaven)       | Arlington County      | \$1,930,000  | \$1,506,747  | Tax Credit        | General        | 21  | 95%  | 100% |
| Willow Branch                    | Amherst County        | \$150,000    | \$125,356    | Tax Credit, RD515 | General        | 48  | 98%  | 100% |
| Willow Oaks                      | Halifax County        | \$2,805,830  | \$2,149,639  | Tax Credit        | General        | 72  | 100% | 100% |
| Wilsondale I                     | Hampton City          | \$6,997,000  | \$5,641,228  | MUMI (2)          | General        | 60  | 88%  | 100% |
| Wilton Farm                      | Albemarle County      | \$6,700,000  | \$4,460,649  | Mixed Income Only | General        | 144 | 90%  | 100% |
| Winchester Forest I              | Chesterfield County   | \$6,520,000  | \$6,437,515  | Tax Credit        | General        | 72  | 88%  | 100% |
| Winchester Forest II             | Chesterfield County   | \$9,435,000  | \$9,198,158  | Tax Credit        | General        | 88  | 89%  | 100% |
| Windsor Court I                  | Isle of Wight County  | \$387,000    | \$112,957    | Tax Credit, RD515 | General        | 40  | 95%  | 100% |
| Woodbridge                       | Prince William County | \$300,000    | \$180,122    | Conventional      | Supportive Hsg | 4   | n/a  | 100% |
| Woodland Hill                    | Arlington County      | \$20,750,000 | \$17,240,226 | Tax Credit        | Elderly        | 235 | 97%  | 100% |

|                            |                     |              |              |                   |                |     |      |      |
|----------------------------|---------------------|--------------|--------------|-------------------|----------------|-----|------|------|
| Woodland Park              | Roanoke City        | \$4,290,000  | \$4,053,466  | Mixed Income Only | General        | 35  | 97%  | 100% |
| Woodlands II               | Albemarle County    | \$28,200,000 | \$25,614,257 | Conventional      | General        | 159 | 94%  | 100% |
| Woodlawn School            | Carroll County      | \$1,500,000  | \$1,396,723  | MUMI (2)          | General        | 51  | 90%  | 100% |
| Woodman West               | Henrico County      | \$36,450,000 | \$36,314,673 | Tax Credit        | General        | 196 | 90%  | 100% |
| Woodpecker Road Group Home | Chesterfield County | \$270,000    | \$201,714    | Conventional      | Supportive Hsg | 5   | n/a  | 100% |
| Woodridge                  | Roanoke City        | \$1,200,000  | \$546,277    | Mixed Income Only | General        | 96  | 91%  | 100% |
| Woodrum Manor and Westview | Giles County        | \$315,000    | \$207,334    | MUMI (2)          | General        | 26  | 100% | 100% |
| Woods at Brambleton        | Loudoun County      | \$17,170,000 | \$15,164,493 | Tax Credit        | General        | 202 | 100% | 100% |
| Yorktown Arch              | York County         | \$12,545,000 | \$10,041,653 | Conventional      | General        | 92  | 100% | 100% |
| Yorktown Square I          | York County         | \$1,901,000  | \$715,956    | Tax Credit        | General        | 56  | 84%  | 100% |

Subtotals

**\$5,808,747,412**

**\$5,119,748,647**

**58,761**

**Developments that are financed by construction loans**

|                               |                      |              |              |                   |                  |     |     |      |
|-------------------------------|----------------------|--------------|--------------|-------------------|------------------|-----|-----|------|
| 1401 - 1407 Hull Street       | Richmond City        | \$7,970,000  | \$601,655    | Tax Credit        | General          | 60  | n/a | 0%   |
| 1501 - 1511 Hull Street       | Richmond City        | \$15,445,000 | \$1,963,041  | Tax Credit        | General          | 112 | n/a | 0%   |
| 2100 Bainbridge               | Richmond City        | \$11,520,000 | \$10,639,369 | Tax Credit        | General, Elderly | 83  | n/a | 95%  |
| 700 West 44 I                 | Richmond City        | \$9,051,000  | \$7,583,247  | Tax Credit        | General          | 72  | n/a | 100% |
| 700 West 44 II                | Richmond City        | \$9,780,000  | \$7,500,642  | Tax Credit        | General          | 72  | n/a | 100% |
| 95 Apartments                 | Richmond City        | \$22,910,000 | \$20,116,731 | Conventional      | General          | 162 | n/a | 100% |
| Afton Bellmeade               | Richmond City        | \$17,510,000 | \$14,662,265 | Tax Credit        | General          | 150 | n/a | 86%  |
| Alexandria GMV 4A             | Alexandria City      | \$37,130,000 | \$26,942,263 | Tax Credit        | General          | 130 | n/a | 99%  |
| Alexandria GMV 4B             | Alexandria City      | \$55,500,000 | \$21,480,779 | Tax Credit        | General          | 210 | n/a | 70%  |
| Arbors at Battlefield         | Chesapeake City      | \$26,865,000 | \$12,992,862 | Mixed Income Only | Elderly          | 183 | n/a | 80%  |
| Atlantic Boulevard            | Loudoun County       | \$15,445,000 | \$10,831,571 | Tax Credit        | General          | 80  | n/a | 90%  |
| Avonlea Four                  | Loudoun County       | \$16,390,000 | \$12,221,099 | Tax Credit        | Elderly          | 65  | n/a | 100% |
| Barcroft                      | Arlington County     | \$20,010,000 | \$18,780,890 | Mixed Income Only | General          | 93  | n/a | 81%  |
| Bealeton Residential          | Fauquier County      | \$38,475,000 | \$2,866,572  | Tax Credit        | General          | 160 | n/a | 32%  |
| Cedar Terrace at South Riding | Loudoun County       | \$3,650,000  | \$2,509,039  | Tax Credit        | General          | 52  | n/a | 56%  |
| Colbrook II                   | Chesterfield County  | \$10,120,000 | \$4,543,312  | Tax Credit        | General          | 47  | n/a | 86%  |
| Commonwealth Lofts            | Loudoun County       | \$18,730,000 | \$1,932,114  | Tax Credit        | General          | 94  | n/a | 10%  |
| Creekside Village I           | Fairfax County       | \$45,430,000 | \$44,136,121 | Tax Credit, RAD   | General          | 220 | n/a | 97%  |
| Creekside Village II          | Fairfax County       | \$19,660,000 | \$19,319,193 | Tax Credit        | General          | 99  | n/a | 100% |
| Creighton II                  | Richmond City        | \$10,720,000 | \$9,120,575  | Tax Credit        | General          | 72  | n/a | 100% |
| Dominion South Four           | Fairfax County       | \$76,270,000 | \$42,157,481 | Tax Credit        | General          | 251 | n/a | 91%  |
| Grande Oak II                 | York County          | \$5,500,000  | \$5,003,726  | Tax Credit        | Elderly          | 49  | n/a | 100% |
| Hazel Hill                    | Fredericksburg City  | \$26,670,000 | \$16,115,012 | Mixed Income Only | General          | 147 | n/a | 53%  |
| Heights at Brady Square II    | Richmond City        | \$5,925,000  | \$5,925,000  | Tax Credit        | General          | 66  | n/a | 94%  |
| Heights at Brady Square IV    | Richmond City        | \$6,190,000  | \$4,018,084  | Tax Credit        | General          | 66  | n/a | 61%  |
| Indigo at McLean Station I    | Fairfax County       | \$54,500,000 | \$47,684,065 | Tax Credit        | General          | 231 | n/a | 100% |
| Indigo at McLean Station II   | Fairfax County       | \$53,000,000 | \$47,052,374 | Tax Credit        | General          | 225 | n/a | 99%  |
| Jersey Park                   | Isle of Wight County | \$9,800,000  | \$7,637,152  | Tax Credit        | General          | 80  | n/a | 66%  |
| Kindlewood II                 | Charlottesville City | \$34,300,000 | \$22,749,877 | Tax Credit        | General          | 100 | n/a | 77%  |
| Lafayette                     | Fairfax County       | \$62,900,000 | \$62,753,842 | Tax Credit        | General          | 340 | 91% | 99%  |
| Lafayette Gardens             | Richmond City        | \$13,800,000 | \$9,750,615  | Tax Credit        | General          | 102 | 80% | 71%  |
| Liberty Gardens               | Chesterfield County  | \$15,280,000 | \$14,316,259 | Tax Credit        | General          | 90  | n/a | 100% |
| Lodge at Autumn Willow II     | Fairfax County       | \$14,000,000 | \$13,066,198 | Tax Credit        | General          | 75  | n/a | 97%  |
| MacDonald Manor               | Chesapeake City      | \$27,275,000 | \$3,845,216  | Tax Credit        | General          | 152 | n/a | 36%  |
| Mainline I                    | Stafford County      | \$26,140,000 | \$4,186,467  | MUMI (2)          | General          | 140 | n/a | 50%  |
| Mainline II                   | Stafford County      | \$25,005,000 | \$1,326,332  | Tax Credit        | General          | 120 | n/a | 24%  |
| New Manchester Flats VI       | Richmond City        | \$17,305,000 | \$15,799,601 | Tax Credit        | General          | 127 | n/a | 100% |
| Newport Gardens               | Norfolk City         | \$5,900,000  | \$5,452,864  | Tax Credit        | General          | 50  | n/a | 100% |
| Noon at Hioaks II             | Richmond City        | \$21,300,000 | \$4,716,946  | Tax Credit        | General          | 151 | n/a | 44%  |

|                          |                     |                        |                      |                 |                |              |      |      |
|--------------------------|---------------------|------------------------|----------------------|-----------------|----------------|--------------|------|------|
| Norfolk TWG at Kindred A | Norfolk City        | \$43,670,000           | \$14,767,637         | MUMI (2)        | General        | 191          | n/a  | 57%  |
| Pecan Acres Estates II   | Petersburg City     | \$16,810,000           | \$14,400,468         | Tax Credit, RAD | General        | 84           | n/a  | 100% |
| Rise at Regency II       | Henrico County      | \$68,500,000           | \$32,411,741         | Conventional    | General        | 314          | n/a  | 75%  |
| Semmes Flats             | Richmond City       | \$47,790,000           | \$6,694,785          | Tax Credit      | General        | 246          | n/a  | 12%  |
| Smith Ridge Commons      | Roanoke County      | \$28,330,000           | \$3,659,312          | Tax Credit      | General        | 216          | n/a  | 58%  |
| Swansboro Place          | Richmond City       | \$14,465,000           | \$10,449,544         | Tax Credit      | General        | 90           | n/a  | 91%  |
| Telestar Court           | Fairfax County      | \$25,000,000           | \$16,850,992         | Tax Credit      | General        | 80           | n/a  | 88%  |
| Vanguard Landing         | Virginia Beach City | \$31,850,000           | \$29,599,601         | Conventional    | Supportive Hsg | 128          | n/a  | 100% |
| View at Belle Isle       | Richmond City       | \$18,250,000           | \$9,835,100          | Tax Credit      | General        | 116          | n/a  | 93%  |
| ZeroPak I                | Winchester City     | \$29,000,000           | \$26,698,535         | Tax Credit      | General        | 121          | 100% | 89%  |
| Subtotals                |                     | <b>\$1,237,036,000</b> | <b>\$749,668,163</b> |                 |                | <b>6,364</b> |      |      |

**Developments for which loans have been committed and bond proceeds have not been disbursed**

|                                            |                       |              |     |              |         |     |     |     |
|--------------------------------------------|-----------------------|--------------|-----|--------------|---------|-----|-----|-----|
| 37 West Main Street                        | Pulaski County        | \$1,390,000  | n/a | Conventional | General | 10  | n/a | n/a |
| 1030 Alston Court 9%                       | Waynesboro City       | \$3,675,000  | n/a | Conventional | General | 48  | n/a | n/a |
| 1030 Alston Court 4%                       | Waynesboro City       | \$6,520,000  | n/a | Tax Credit   | General | 48  | n/a | n/a |
| Alexandria GMV 9A                          | Alexandria City       | \$9,800,000  | n/a | Tax Credit   | General | 76  | n/a | n/a |
| Autumn Willow 9                            | Fairfax County        | \$8,865,000  | n/a | Tax Credit   | General | 75  | n/a | n/a |
| Avonlea Senior Nine                        | Loudoun County        | \$6,850,000  | n/a | Tax Credit   | Elderly | 65  | n/a | n/a |
| CH3 North Four                             | Arlington County      | \$46,195,000 | n/a | Tax Credit   | General | 344 | n/a | n/a |
| CH3 South Nine                             | Arlington County      | \$11,120,000 | n/a | Tax Credit   | General | 88  | n/a | n/a |
| Choice Neighborhood V-Downtown             | Newport News          | \$6,120,000  | n/a | MUMI (2)     | General | 73  | n/a | n/a |
| Claremont School                           | Pulaski County        | \$850,000    | n/a | Tax Credit   | General | 50  | n/a | n/a |
| Colbrook 9%                                | Chesterfield County   | \$6,041,000  | n/a | Tax Credit   | General | 47  | n/a | n/a |
| Creighton Phase A                          | Richmond City         | \$4,800,000  | n/a | Tax Credit   | General | 68  | n/a | n/a |
| Deerfield Apartments                       | Nottoway County       | \$1,000,000  | n/a | Tax Credit   | Elderly | 39  | n/a | n/a |
| Glade View Trace                           | Chesterfield County   | \$4,740,000  | n/a | Tax Credit   | Elderly | 50  | n/a | n/a |
| Goodson Hills                              | Bristol City          | \$6,350,000  | n/a | Tax Credit   | General | 23  | n/a | n/a |
| Grand Lake                                 | Virginia Beach        | \$19,420,000 | n/a | Tax Credit   | Elderly | 172 | n/a | n/a |
| Green Park (1203 East Brookland Park Blvd) | Richmond City         | \$4,270,000  | n/a | Tax Credit   | General | 43  | n/a | n/a |
| Heights at Brady Square I-9%               | Richmond City         | \$4,480,000  | n/a | Tax Credit   | General | 66  | n/a | n/a |
| Heights at Brady Square III                | Richmond City         | \$4,265,000  | n/a | Tax Credit   | General | 66  | n/a | n/a |
| Hillpoint Trace                            | Suffolk City          | \$7,522,405  | n/a | Tax Credit   | General | 75  | n/a | n/a |
| Junkin Street                              | Montgomery County     | \$500,000    | n/a | Conventional | General | 17  | n/a | n/a |
| Legacy on Main                             | Montgomery County     | \$6,055,000  | n/a | Tax Credit   | General | 56  | n/a | n/a |
| Lily Gardens                               | Staunton City         | \$3,850,000  | n/a | Tax Credit   | General | 50  | n/a | n/a |
| Lynhaven Ridge                             | Richmond City         | \$4,999,000  | n/a | Tax Credit   | General | 50  | n/a | n/a |
| Miller's Rest III                          | Lynchburg City        | \$5,595,000  | n/a | Tax Credit   | General | 80  | n/a | n/a |
| Miller's Rest III - 4%                     | Lynchburg City        | \$8,615,000  | n/a | Tax Credit   | General | 80  | n/a | n/a |
| Monroe North                               | Wythe County          | \$6,965,000  | n/a | Tax Credit   | General | 32  | n/a | n/a |
| Morotock Lofts                             | Danville City         | \$7,647,000  | n/a | MUMI (2)     | General | 41  | n/a | n/a |
| Peanute Crossing Phase II                  | Suffolk City          | \$12,150,000 | n/a | Conventional | General | 90  | n/a | n/a |
| Saint Elizabeth                            | Richmond City         | \$5,526,000  | n/a | Tax Credit   | General | 56  | n/a | n/a |
| Samuel Madden Homes 4%                     | Alexandria City       | \$46,650,000 | n/a | Tax Credit   | General | 132 | n/a | n/a |
| Samuel Madden Homes 9%                     | Alexandria City       | \$16,340,000 | n/a | Tax Credit   | General | 75  | n/a | n/a |
| Seeland Valley                             | Danville City         | \$1,000,000  | n/a | Tax Credit   | Elderly | 52  | n/a | n/a |
| Signals at Occoquan                        | Prince William County | \$23,835,000 | n/a | Tax Credit   | General | 133 | n/a | n/a |
| Sixth Street Phase One                     | Charlottesville City  | \$7,110,000  | n/a | Tax Credit   | General | 47  | n/a | n/a |
| South First II                             | Charlottesville City  | \$19,200,000 | n/a | Tax Credit   | General | 113 | n/a | n/a |
| The Regency Apartments                     | Prince William County | \$59,190,000 | n/a | Tax Credit   | General | 248 | n/a | n/a |
| Tranquility at the Lakes II                | Virginia Beach        | \$2,400,000  | n/a | Tax Credit   | General | 38  | n/a | n/a |

|                                   |                   |                               |     |                               |                |                      |     |     |
|-----------------------------------|-------------------|-------------------------------|-----|-------------------------------|----------------|----------------------|-----|-----|
| Vista 29 - fka Premier Circle PSH | Albemarle County  | \$1,646,500                   | n/a | Tax Credit                    | Supportive Hsg | 80                   | n/a | n/a |
| Whites Mill Point II              | Washington County | \$505,000                     | n/a | Tax Credit                    | General        | 32                   | n/a | n/a |
| Witter Place                      | Alexandria City   | \$12,135,000                  | n/a | Tax Credit                    | General        | 94                   | n/a | n/a |
| Subtotals                         |                   | <u><b>\$416,186,905</b></u>   |     |                               |                | <u><b>3,122</b></u>  |     |     |
| Grand Totals for All Developments |                   | <u><b>\$7,461,970,317</b></u> |     | <u><b>\$5,869,416,810</b></u> |                | <u><b>68,247</b></u> |     |     |

#### Footnotes

- (1) Principal amount was established at final closing or, if final closing has not yet been held, the amount shown represents the principal amount in the Authority's mortgage loan commitment.
- (2) Closed under the Authority's program for Economically Mixed developments, some of which have non-housing portions. MUMI stands for Mixed Use Mixed Income and is the short name for this program.
- (3) In addition to the Mortgage Loan amount shown here, additional mortgage loan amounts are held in the Authority's General Fund and not pledged to the owners of Rental Housing Bonds. Such amounts are treated as a participation in the aggregate mortgage loan on the development.
- (4) The Authority has acquired the Development by foreclosure or deed in lieu of foreclosure.
- (5) Occupancy data for Developments marked n/a is not available. The Authority does not typically collect occupancy data on Developments containing a small number of units or Developments financed by construction loans although the data will be provided if available.
- (6) In addition to the principal amount shown here, additional principal amounts secure or are expected to secure Rental Housing Bonds. The number of units is listed here or elsewhere in this Appendix.
- (7) Developments listed in this Appendix do not include the Virginia Housing office building.
- (8) Developments noted as Tax Credit have been, or are expected to be, awarded federal low income housing tax credits pursuant to § 42 of the Code.
- (9) Current mortgage loan amount represents the amortized balance for permanent loans or committed amount disbursed for construction loans.
- (10) Forborne amounts being repaid.

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## INFORMATION CONCERNING FEDERAL MULTI-FAMILY HOUSING PROGRAMS AND REQUIREMENTS

The following descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the statutes, regulations, agreements and contracts referred to herein, as from time to time amended. Neither the Act nor the bond resolutions obligate the Authority to qualify any development for federal housing mortgage insurance or housing assistance.

### **FHA Insurance Program**

Under the terms of the Section 221(d)(4) insurance program authorized by the National Housing Act, a mortgagee is entitled to claim insurance benefits upon the failure of the mortgagor to make a mortgage payment (or to perform any other obligation under the mortgage if, because of such failure, the mortgagee accelerates the debt), if such default continues for 30 days. To perfect its claim for payment, the mortgagee is required either to assign the mortgage to FHA, acting through the Federal Housing Commissioner, or to tender to it good and marketable title to the property covered by the insured mortgage loan. Upon transfer of the property to FHA, mortgage insurance benefits will be paid in cash unless the mortgagee files a written request for payment in FHA debentures.

The insurance benefits paid by FHA will be an amount equal to the aggregate of (i) the unpaid principal amount of the mortgage, (ii) the amount of all payments made by the mortgagee (a) for taxes, special assessments and water rates which are liens prior to the mortgage, (b) for insurance on the property, and (c) for any mortgage insurance premiums paid after default, (iii) an allowance for reasonable payments made by the mortgagee with the approval of FHA for the completion and preservation of the property, and (iv) an amount equivalent to FHA debenture interest covering the period of time from the date of default on the mortgage loan to the date the insurance settlement occurs. From the aggregate of the foregoing amounts is deducted the total of (i) any amount received by the mortgagee on account of the mortgage after the date of default, (ii) any net income received by the mortgagee from the property covered by the mortgage after the date of default, and (iii) the sum of (a) any cash held by the mortgagee for the account of the mortgagor and which shall not have been applied in reduction of the principal of the mortgage indebtedness, (b) all funds held by the mortgagee for the account of the mortgagor received pursuant to any other agreement, and (c) the amount of any undrawn balance under a letter of credit used in lieu of a cash deposit. If the mortgage is assigned to FHA in lieu of a conveyance of the property there shall also be deducted an amount equivalent to 1% of the outstanding mortgage balance, except that all or part of the 1% may be waived by FHA if, at its request and in lieu of foreclosure, the mortgage is assigned to FHA.

### **FHA Risk-Sharing Insurance Program**

Section 542(c) of the Housing and Community Development Act of 1992, as amended (the "Risk-Sharing Act"), authorizes the Secretary of HUD to enter into risk-sharing agreements with qualified state or local housing finance agencies ("HFAs") to enable those HFAs to underwrite and process loans for which HUD will provide full mortgage insurance for eligible projects. HUD has promulgated regulations at 24 C.F.R. Part 266 (the "Regulations") pursuant to the Risk-Sharing Act. The Authority has been designated a "qualified HFA" under the Risk-Sharing Act and entered into a risk-sharing agreement (the "Risk-Sharing Agreement") with HUD on March 23, 2015.

#### *Underwriting and Servicing*

Under the program established by the Risk-Sharing Act (the "Risk-Sharing Program"), a participating HFA retains underwriting, loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, the participating HFA may obtain from HUD an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments, as further described below. After a period during which the HFA may work toward curing the default, foreclosure or resale of the related project, losses (if any) are to be calculated and apportioned between the HFA and HUD according to a specified risk-sharing percentage for the mortgage loan (determined at the time of its endorsement for insurance), and the amount of the HFA's reimbursement obligation to HUD is determined. During the period preceding such final loss settlement, the HFA is to pay HUD interest on the amount of the initial claim payment under a debenture required to be issued to HUD at the time of initial claim payment. In the case of the Authority, such debenture interest and the Authority's reimbursement and other payment obligations to HUD under the Risk-Sharing Agreement will not be payable from the assets pledged under the Rental Housing Bonds Resolution, but will be a general obligation of the Authority.

#### *FHA Mortgage Insurance Under the Risk-Sharing Program*

In the case of a mortgage loan to be insured during construction, under the Regulations, HUD evidences its insurance by an initial endorsement of the applicable mortgage note at or prior to the first advance of moneys under the insured mortgage loan to the mortgagor. Such advance ordinarily occurs prior to the commencement of construction although construction may begin using a mortgagor's own funds with the Authority's consent prior to initial endorsement. All advances for construction items will be made as authorized by the Authority pursuant to the requirements of HUD. The Regulations also provide for insurance of a mortgage loan following completion of the project without insurance of construction advances. In either case, upon completion of the project, presentation of a closing docket and certifications required by the Regulations, HUD issues a final endorsement of the mortgage note

for the costs related to the project which have been certified by an independent certified public accountant and have been approved by the Authority. Although the Authority has been given authority to approve cost certifications by a mortgagor, such certifications are contestable by HUD, up to and during final endorsement of the applicable mortgage.

The Regulations define an event of default under a HUD-insured mortgage as (i) a failure to make any payment due under the mortgage or (ii) a failure to perform any other mortgage covenant (which include covenants in the related regulatory agreement, which is incorporated by reference in the applicable mortgage) if the Authority, because of such failure, has accelerated the debt. The Authority is entitled to receive the benefits of insurance after the mortgagor has defaulted and such default continues for a period of 30 days. If the default continues to exist at the end of the 30 day grace period, the Authority is required to give HUD written notice of the default within 10 days after such grace period and monthly thereafter, unless waived by HUD, until such default has been cured or the Authority has filed an application for an initial claim payment.

Unless a written extension is granted by HUD, the Authority must file an application for initial claim payment (or, if appropriate, for partial claim payment) within 75 days from the date of default. Such claim may be made as early as the first day of the month following the month for which a payment was missed. Upon request of the Authority, HUD may extend, up to 180 days from the date of default, the deadline for filing a claim. In those cases where the Authority certifies that the mortgagor is in the process of transacting a bond refunding, refinancing the mortgage, or changing the ownership for the purpose of curing the default and bringing the mortgage current, HUD may extend the deadline for filing a claim beyond 180 days.

The initial claim amount is 100% of the unpaid principal balance of the mortgage note as of the date of default, plus interest at the mortgage note rate from the date of default to the date of initial claim payment (subject to curtailment as described below). HUD must make all claim payments in cash. The initial claim payment from HUD is equal to the initial claim amount, less any delinquent mortgage insurance premiums, late charges and interest assessment under the Regulations. The Regulations provide that proceeds of the initial claim payment must be used to retire any bonds or any other financing mechanisms securing the mortgage within 30 calendar days of the initial claim payment, and that any excess funds resulting from such retirement or repayment shall be returned to HUD within 30 days of the retirement.

In determining the mortgage note interest component of the initial claim amount, if the Authority fails to meet any of the requirements of the Regulations concerning claim procedures within the specified time (including any granted extension of time), HUD shall curtail the accrual of mortgage note interest by the number of days by which the required action was late.

FHA insurance under the Risk-Sharing Program with respect to any mortgage loan may be terminated upon the occurrence of certain events, including the following: (i) the corresponding mortgage is paid in full; (ii) the Authority acquires the applicable project and notifies the FHA Commissioner that it will not file an insurance claim; (iii) a party other than the Authority acquires the applicable project at a foreclosure sale; (iv) the Authority notifies the FHA Commissioner of a voluntary termination; (v) the Authority or its successors commit fraud or make a material misrepresentation to the FHA Commissioner with respect to certain information; (vi) the receipt by the FHA Commissioner of an application for final claims settlement by the Authority; or (vii) the Authority acquires the applicable development and fails to make an initial claim.

#### *Federal Financing Bank Financing*

In 2016, the Authority entered into (i) an agreement with HUD entitled "Risk-Sharing Agreement (Federal Financing Bank Financing)" which is supplemental to the Risk Sharing Agreement, (ii) an agreement with the Federal Financing Bank, a body corporate and instrumentality of the United States of America (the "FFB") entitled "Master Purchase and Sale Agreement," and (iii) an agreement with both the FFB and U.S. Bank Trust Company, National Association, Minneapolis, Minnesota, (the "Custodian") entitled "Master Escrow and Custody Agreement." As a result of the foregoing agreements, the Authority had the option of FFB financing for multi-family mortgage loans that are insured under the Risk-Sharing Program. The Authority has financed 8 mortgage loans with such FFB financing. For each multi-family mortgage loan financed by the FFB, the Authority sold to the FFB a certificate representing a participation interest in such multi-family mortgage loan consisting of all principal payments due thereon and all interest payments due thereon but only at a pass-through interest rate to FFB which is less than the mortgage loan interest rate. Under these agreements, the Authority retains responsibility for originating, closing and servicing the multi-family mortgage loans underlying the certificates sold to the FFB. As servicer, the Authority deducts a servicing fee and the mortgage insurance premium before remitting the balance of each mortgage payment to the Custodian. The Custodian funds any required accounts and pays the amounts due the FFB and the Custodian, and then pays any amount remaining to the Authority.

#### **Section 8 Programs**

The Housing and Community Development Act of 1974 amended Section 8 of the United States Housing Act of 1937 so as to establish a federal assistance program which was a source of federal housing assistance for developments of the type which the Authority financed under its multi-family program.

HUD issued special regulations for HFAs such as the Authority. With respect to developments to be permanently financed by the Authority without federal mortgage insurance, the Section 8 regulations gave the Authority a high degree of program responsibility – e.g., selection of the developer (either by advertising or negotiation), approval of design and construction quality, site selection, economic feasibility and marketability. The description of the Section 8 program below in general relates to the long-

term subsidy contracts originally entered into in connection with these developments. See “Renewal Contracts” below for a discussion of certain differences applicable to more recent Section 8 subsidy contracts.

#### *Subsidy Contracts*

Under Section 8, three principal contracts were executed. First, the HFA entered into an “Agreement to Enter Into Housing Assistance Payments Contract” with the mortgagor of the development to be constructed. This agreement (“Agreement to Enter”) was approved by HUD and, subject to certain conditions, committed the mortgagor and the HFA upon completion and acceptance of the development to enter into a Housing Assistance Payments Contract (“Payments Contract”) providing for the payment of the subsidy to or for the account of the mortgagor by the HFA.

At the same time that the Agreement to Enter was executed, the HFA and HUD executed an Annual Contributions Contract (“ACC”), which provides for the payment to the HFA by HUD of the subsidy to be paid by the HFA to the owner of the development pursuant to the terms of the Payments Contract. The subsidy contracts for mortgage loans other than FHA insured mortgage loans generally have original terms of 30 or 40 years. The subsidy contracts for FHA mortgage loans have original terms of 15, 20 or 30 years. See “Federal Programs and Requirements” in “The Multi-Family Program” for certain information regarding the expiration of such subsidy contracts. See also “Renewal Contracts” below.

#### *Initial Amount of Subsidy*

Section 8 subsidies received by the HFA are based upon the “Contract Rent” applicable to specified dwelling units. The Contract Rent was initially based on the “fair market rent” for the dwelling unit, which is determined by HUD periodically with respect to each locality. Contract Rent was permitted to be initially established at an amount up to 120% of the fair market rent. Contract Rent over 100% of the fair market rent required HUD approval upon a showing of special circumstances.

The amount of the subsidy actually payable to the Authority for the account of the mortgagor is the Contract Rent less the payment made to the mortgagor by the tenant. The proportion of the Contract Rent paid by HUD and that paid by tenants will vary from month to month depending upon tenant income. The method of computation of the tenant’s payment is determined by HUD regulation and is subject to change. Subject to certain exceptions for the elderly, disabled, and low-income wage earners, each tenant is required to pay a minimum rent of \$25 per month.

The maximum amount of money available annually for subsidy payments under an ACC was established at an amount equal to the annual initial Contract Rents for assisted units in the development. If the amount actually disbursed under the ACC in any given year was less than the total available amount, the excess (initially an amount approximately equal to the portion of the contract rents payable by the tenants) was set aside by HUD in an account for the particular development so as to be available for future years to fund increases in contract rents for the development to the extent they exceed the amount otherwise available under the ACC (see “Funding of Increase in Subsidy” below).

#### *Tenants Eligible for Housing Assistance Payments*

A tenant eligible for housing assistance payments (“Eligible Tenant”) is a family, including an elderly, disabled or displaced person, whose income, as determined in accordance with the Section 8 regulations, does not exceed income limits promulgated by HUD for the area and who meets certain other conditions specified in the regulations. The Section 8 income limit is, in general, 80% of median income for the area, as determined by HUD. However, under the Housing and Community Development Amendments of 1981, no more than 25% of the Section 8 units which as of October 1, 1981, were subject to Payments Contracts and available for occupancy may be occupied by persons or families with incomes above 50% of the median. In addition, no more than 5% of the Section 8 units which were subject to a Payments Contract or were available for occupancy subsequent to October 1, 1981, may be leased to persons or families with incomes in excess of 50% of the median. The criteria for tenant eligibility are determined by HUD regulations and are subject to change.

#### *Limitation on Subsidy – Vacancies*

Generally, the Section 8 subsidy is payable in respect to the dwelling unit only when it is occupied by an Eligible Tenant. However, the law and the regulations provide for payment of the subsidy under certain limited circumstances when the dwelling unit is not occupied. In such situations, 80% of the Contract Rent is payable during a period of not more than 60 days, subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit.

The subsidy payments for vacant units can, under certain conditions, continue for an additional 12 months after the 60 day vacancy period described above. The amount of these subsidy payments is equal to that portion of the vacant units’ Contract Rents allocable to the debt service on the permanent financing. However, the development must be operating at a deficit, and the amount of the payments cannot exceed that portion of the deficit attributable to the vacant units. HUD may deny the application for these additional subsidy payments for vacant units if it determines that there is not a reasonable prospect that the development can achieve financial soundness within a reasonable time. Furthermore, a mortgagor is entitled to these payments only if it has taken and continues to take all feasible action to rent the units, has not rejected any eligible applicant without good cause, and has provided the Authority with the requisite notification of vacancy. Finally, the vacant units must provide safe, decent and sanitary housing.

### *Adjustments of Contract Rents*

The statute and applicable regulations contain various provisions for review and readjustment of the Contract Rent. Provision is made in the regulations for HUD to determine an Annual Adjustment Factor at least annually and to publish such factors in the Federal Register. HUD currently determines the Annual Adjustment Factor based on a formula using rent and utility data from the Consumer Price Index. The Annual Adjustment Factor is applied to the then existing Contract Rents. Current law requires that the Annual Adjustment Factor be reduced by one percentage point for those units in which there was no tenant turnover during the previous year and that, in establishing Annual Adjustment Factors, HUD take into account the fact that debt service is a fixed expense.

Upon request from the owner on each anniversary date of the Payments Contract, Contract Rents will be adjusted in accordance with the Annual Adjustment Factor. In addition, provision is made in the regulations for special additional adjustments in the Contract Rents to reflect increases in actual and necessary expenses of owning and maintaining the subsidized units which have resulted from substantial general increases in real property taxes, utility rates or similar costs, to the extent that such general increases are not adequately compensated for by the Annual Adjustments. Current law prohibits any reduction in Contract Rents in effect on or after April 15, 1987 unless the Section 8 assisted development has been refinanced in a manner that reduces the debt payments of the owner of such development.

The Section 8 law and regulations require that rent adjustments shall not result in material differences between the Contract Rents and rents for comparable unassisted units, except to the extent that the differences existed at the time of execution of the Payments Contract (the difference between Contract Rents and rents for comparable units at the time of execution of the Payments Contract being referred to herein as the "Initial Difference"). Current law requires that Annual Adjustment Factor rent increases be denied to those Section 8 developments with rents above the applicable fair market rents established by HUD, unless the mortgagor demonstrates that the adjusted rent would not exceed rents for comparable unassisted units plus the Initial Difference.

Proposals have been discussed (and, in some instances, legislation has been introduced or statements made that legislation will be introduced) by HUD and by members of Congress which, if enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD, would affect many HUD programs, including the Section 8 Program. One such proposal made by HUD would have deleted the above described provision in current law that prohibits any reduction in Contract Rents in effect on or after April 15, 1987. Among the effects of such proposals could be a reduction in the Contract Rents or in the Annual Adjustments thereof for Section 8 assisted projects. Any such reduction in Contract Rents or Annual Adjustments could adversely affect the financial feasibility of certain of the Section 8 developments and the adequacy of rental income to pay principal and interest on the mortgage loans financing such developments. There can be no assurance that these proposals or legislation will or will not be enacted into law, promulgated as HUD regulations or adopted as official enforceable policies of HUD. At this time, the Authority cannot predict the terms of any proposals which may be enacted or implemented or the effect that any such proposals, if enacted or implemented, would have on the ability of the Section 8 developments to make timely payments of principal and interest on the mortgage loans and, in turn, on the ability of the Authority to make timely payments of interest and principal on the Authority's bonds. The enactment or implementation of such proposals may adversely affect the rating on the bonds financing the affected developments and the market price of such bonds. The Authority has not covenanted, and is not obligated under the bond resolutions pursuant to which the Authority has issued bonds to finance multi-family programs to take any action to maintain the ratings or market price of such bonds or, except as set forth in the Continuing Disclosure Agreement applicable to such bonds, to notify bond owners of any withdrawal or revision of the ratings of such bonds or any actions which would affect the ratings or market price of such bonds.

See "Renewal Contracts" below for information concerning certain past cuts to federal appropriations for Renewal Contracts (defined below).

### *Funding of Increases in Subsidy*

Funds for the payment of increased subsidies resulting from the adjustment in the Contract Rents described above are obtained in two ways. Provision is made in the law for the payment by HUD into a special reserve account held by HUD in respect of each subsidized development of the amount by which the Contract Rents in effect from time to time exceed the actual subsidy paid by HUD (this amount is initially the approximate equivalent of the amount of rent paid by the tenants). The amount of increases in the subsidy payable by reason of increases in the Contract Rent are drawn from this fund. The regulations provide that when the HUD-approved estimate of required annual contributions exceeds the maximum ACC commitment then in effect and would cause the amount in such fund to be less than 40% of the maximum ACC commitment, HUD shall take such additional steps as authorized by subdivision (c)(6) (currently designated subdivision (c)(5)) of Section 8 (quoted below) to obtain funds to bring the amount in the account to the 40% level. Such subdivision of Section 8 provides:

"The Secretary [of HUD] shall take such steps as may be necessary, including the making of contracts for assistance payments in amounts in excess of the amounts required at the time of the initial renting of dwelling units, the reservation of annual contributions authority for the purpose of amending housing assistance contracts, or the allocation of a portion of new authorizations for the purpose of amending housing assistance contracts, to assure that assistance payments are increased on a timely basis to cover increases in maximum monthly rents or decreases in family incomes."

It has been the practice of HUD that, when the amount in any such fund has fallen below the 40% level, HUD has not immediately replenished such fund to the 40% level but has obtained budget authority from the Congress to meet its obligation under the Payments Contract.

#### *Payment of Subsidy*

The regulations provide that in the event of foreclosure, assignment or sale to the HFA in lieu of foreclosure, or in the event of an assignment or sale agreed to by the HFA and approved by HUD (which approval shall not be unreasonably delayed or withheld), subsidy payments will continue in accordance with the Payments Contract.

Payment of the subsidy is paid into a special account maintained by the Authority for the receipt of Section 8 payments. The Authority disburses such subsidy payments by applying a portion thereof to the amount of the current payment due from the mortgagor on the mortgage loan (including the required replacement reserve and tax and insurance escrow payments), with the balance, if any, being paid directly to the mortgagor. If the multi-family development is then financed by Rental Housing Bonds, such payment on the mortgage is deposited into the revenue fund under the Rental Housing Bonds Resolution.

#### *Compliance with Subsidy Contracts*

The Agreement to Enter, the ACC and the Payments Contract all contain numerous agreements on the part of the Authority and the mortgagor including maintenance of the development as decent, safe and sanitary housing and compliance with a number of requirements typical of federal contracts (such as those relating to nondiscrimination, equal employment opportunity, relocation, pollution control and labor standards) as to which noncompliance by either the Authority or the mortgagor, or both, might endanger the payment of the federal subsidy. Reference is made to the complete text of these agreements which are available for inspection at the offices of the Authority. Default by a mortgagor in the performance of its obligations under the Payments Contract is an event of default under the terms of its mortgage loan from the Authority which would permit foreclosure by the Authority.

From time to time HUD may issue interpretive or policy notices providing guidance on compliance with the regulations and Payments Contracts which the Authority and mortgagor also must comply with. These interpretations or policies may have the effect of increasing the Authority's risk on the mortgage loans. For example, on August 3, 2012, HUD issued Notice H-2012-14 which requires the use of funds in residual receipts accounts (accounts that hold excess rental and other income of the developments after payment of operating expenses, debt service, and permitted distributions to the mortgagors) for certain developments, to the extent such funds exceed a specified amount, to offset payments of subsidy otherwise payable under those Payments Contracts. At this time, the Authority has no outstanding financing on developments affected by Notice H-2012-14, but when it did, the Authority's risk was affected because the funds so used were security for, and would have otherwise been available for debt service on, the Authority's mortgage loans financing those developments. (See "Federal Programs and Requirements" in "The Multi-Family Program.")

#### *Administration of Subsidy for Certain FHA Mortgage Loans*

On some of the FHA mortgage loans, the Authority will not administer the Section 8 subsidy in the manner described above. Any failure to make full and timely payment on such mortgage loans shall, subject to and in accordance with the conditions described above under "FHA Insurance Program," provide a basis for a claim for payment of FHA mortgage insurance benefits.

#### *Renewal Contracts*

In certain cases, upon expiration of the long-term Payments Contract originally entered into with respect to a development, the mortgagor of the development and a Section 8 contract administrator designated by HUD has entered into, or may enter into, a new Payments Contract for an additional term, pursuant to the Multifamily Assisted Housing Reform and Affordability Act of 1997, Title V of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1998, Pub. L. 105-65, as amended (a "Renewal Contract"). (See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of the original Payments Contracts and also for a discussion of how the Authority underwrites new mortgage loans for existing developments with Renewal Contracts or expiring original Payments Contracts to the lesser of the Section 8 contract rents or the estimated market rents.)

Although Renewal Contracts may have contract terms that are relatively long, upon initial execution of Renewal Contracts and each year thereafter Congress has appropriated, and HUD has obligated, generally only an amount estimated to be sufficient to fund one year (or less) of the contract term, and HUD's obligation with respect to the remainder of the term is subject to Congressional appropriations. Absent such appropriations, there is no assurance that funds will be available under these contracts. The provisions described above under "Funding of Increases in Subsidy" do not apply to Renewal Contracts. The appropriations for Renewal Contracts were affected adversely during the 2013 federal fiscal year by the federal spending cuts known as the sequester and no assurance can be given as to the levels of annual appropriations that will be available for funding Renewal Contracts in the future.

Renewal Contracts do not provide for adjustment of contract rents based on Annual Adjustments as described under "Adjustments of Contract Rents" above. Renewal Contracts with terms longer than one year provide for annual adjustment of contract rents based on an Operating Cost Adjustment Factor (or with respect to certain Renewal Contracts, if requested by the owner and agreed to by HUD or its designated contract administrator, based on the development's budget). The Operating Cost Adjustment Factor is intended to reflect increases in the cost of operating comparable rental properties, which may or may not correspond to

circumstances affecting a particular development. No assurance can be given that HUD or its designated contract administrator will approve a request for a budget-based adjustment of contract rents.

Certain Renewal Contracts with terms longer than five years provide that HUD's designated contract administrator shall, at the expiration of each five-year portion of the contract term, adjust contract rents so as to equal comparable market rents determined on the basis of a market study prepared in accordance with HUD requirements. Certain of such Renewal Contracts also provide that HUD may, at its discretion, require or permit its designated contract administrator to make such market comparability adjustments one additional time within each such five-year period. Such market comparability adjustments may raise or lower contract rents. Certain Renewal Contracts for developments that received initial contract rents calculated on the basis of an operating budget provide that HUD may adjust contract rents downward, subject to certain limits calculated on the basis of market rents, in the event that the development during the term of the contract receives additional government assistance that was not anticipated when initial contract rents were determined. The statutory provision prohibiting adjustments that would lower contract rents, explained above, does not apply to Renewal Contracts.

The Authority does not act as HUD's designated contract administrator for Renewal Contracts and, with respect to such contracts, does not receive and disburse subsidy payments as described in the second paragraph under "Payment of Subsidy" above. Instead, HUD's designated contract administrator disburses the subsidy payment to the mortgagor, who is responsible for remitting loan payments and escrow deposits.

### **Low-Income Housing Tax Credit Program**

The Authority has financed and expects to continue to finance developments which are to receive low-income housing tax credits. The Code provides for credits to owners of residential rental projects containing low income units, provided certain occupancy and use of loan proceeds requirements are met. The credits are taken annually for a term of ten years, beginning with the tax year in which the project is placed in service or, at the owner's election, the next tax year.

Twenty percent or more of the units in an eligible project must be occupied by tenants whose incomes are 50% or less of the area median gross income, as adjusted for family size, or 40% or more of the units in the project must be occupied by tenants whose incomes are (i) 60% or less of such area median gross income, as so adjusted or (ii) at or below the respective percentages of such area median income, as so adjusted, that the owner has designated for the tenants' units, provided such percentages (which may range from 20% to 80% in 10% increments) average to 60% or less. Each building in the project must comply with these income restrictions within 12 months of the date placed in service. The owner may designate more than 20% or 40%, as the case may be, of the units in the project as low-income units.

The gross rent (including an allowance for any utilities paid directly by the tenant) charged to a tenant in a low income unit may not exceed 30% of the maximum qualifying income for such unit.

In the event that the income of a family occupying a low income unit exceeds the maximum qualifying income (or other applicable threshold as provided in the Code) by more than 40% or in the event that a low income unit becomes vacant, such low income unit shall continue to qualify if no other vacant units of comparable or smaller size are rented to non-qualifying families.

The project must comply with the income and rent limitations for a period of 15 years in the case of credits allocated prior to or during 1989, or 30 years, in the case of credits allocated after 1989. Failure to comply results in a recapture of a portion of the credits.

### **Section 236 Interest Reduction Payments Program and Section 236(f)(2) Rental Assistance Program**

Pursuant to Section 236 of the United States Housing Act of 1937, as amended, HUD, the Authority and the mortgagor enter into an agreement for interest reduction payments. HUD makes monthly payments with respect to the subsidized dwelling units in such development directly to the Authority on behalf of the mortgagor. The amount of the monthly HUD payment for any such development will equal the difference between (i) the monthly payment for principal, if any, interest and the Authority's fees and charges which the mortgagor is obligated to pay and (ii) the monthly payment for principal, if any, and interest which the mortgagor would be required to pay if the mortgage loan were to bear interest at the rate of 1% per annum. The mortgagor makes monthly payments to the Authority for the balance.

The agreements contain several covenants of the mortgagor, including among other things that (i) the mortgagor has established, "basic rents" computed assuming a mortgage loan interest rate of 1% per annum and "fair market rents" (unsubsidized) for each subsidized dwelling unit, (ii) the rent for each subsidized dwelling unit, including all utilities except telephone, will be equal to 30% of the tenant's adjusted income or the basic rent, whichever is greater, up to a maximum of the fair market rent, (iii) the mortgagor will limit admission to subsidized dwelling units to families whose incomes do not exceed the lower of the income limits prescribed by HUD or the Authority, and (iv) the mortgagor shall remit to HUD the amount ("Excess Income Payment") by which the total rents collected on all subsidized dwelling units exceeds the sum of the basic rents for all such units. Under the Preserving Affordable Housing for Senior Citizens and Families into the 21<sup>st</sup> Century Act, Title V of Pub. L. 106-74, enacted October 20, 1999 (the "1999 Act"), the rent chargeable to the tenant is also limited by the rent for a comparable unassisted unit in the market area. The Balanced Budget Downpayment Act, II, Pub. L. 104-134, enacted April 26, 1996, provides that Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset

collection losses and potentially reducing the income available to the projects. The 1999 Act provides that mortgagors may retain some or all of such Excess Income Payments if authorized by HUD. The Authority covenants in the agreements that it will not agree to the forbearance or deferment of any payment due under the mortgage loan without HUD's approval. HUD may, at its discretion, terminate payments under the agreement upon default by the mortgagor or the Authority under any provision of the agreement. If payments are terminated by HUD, such payments may be reinstated by HUD on such conditions as it may prescribe. The rights and obligations under the agreement are not assignable by the Authority or by the Mortgagor without the approval of HUD.

Certain developments which are subject to Section 236 interest reduction payments are also subject to rental assistance payments under Section 236(f)(2) of the National Housing Act, as amended. Payments under this program are paid by HUD directly to the mortgagor on behalf of eligible tenants occupying assisted dwelling units. To be eligible for rental assistance payments, a tenant must have an income not in excess of 50% of the median income for the area, as determined by HUD. The payments for each assisted unit are generally in an amount equal to the difference between the "basic rent" approved by HUD for the unit and 30% of the eligible tenant's adjusted income (as defined by HUD). Such payments to the mortgagor in effect represent rental income and do not reduce or otherwise affect the amounts the mortgagor must pay to the Authority under the mortgage loan.

The maximum amount of rental assistance payments for any Section 236 development is originally established by HUD and set forth in the subsidy agreement between HUD and the Authority. In order to provide sufficient rental income to pay debt service and expenses of the development, an increase in this maximum amount may become necessary if rents are increased or if the amount of rent payable by the tenants decreases due to an overall reduction in the tenants' incomes. HUD will increase the maximum amount of rental assistance payments by an amount equal to 100% of the needed increase.

The 1999 Act authorized a program (referred to as the Section 236 "decoupling" program) pursuant to which mortgagors of developments subject to Section 236 interest reduction payments with FHA insured mortgage loans may refinance such loans, if the loans are otherwise eligible for prepayment, with new mortgage loans (such as Authority mortgage loans) while retaining the interest reduction payments. In order to participate in the decoupling program, the mortgagor must agree to enforce the income and rent restrictions applicable to the development for a period extending five years beyond the term of assistance under the new agreement for interest reduction payments.

See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of developments' agreements for interest reduction payments.

### **Rental Assistance Demonstration**

HUD's Rental Assistance Demonstration ("RAD") program is described by HUD as an opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through enabling access by public housing agencies and owners to private debt and equity to address immediate and long-term capital needs. The RAD program allows projects currently funded under HUD's public housing program, rent supplement program, rental assistance payment program, or mod rehab program to convert their assistance to long-term, project-based Section 8 rental assistance contracts, either project based vouchers or project-based rental assistance. Under the RAD program, HUD requires certain restrictions be imposed upon the developments which cannot be subordinated to any lien securing financing the Authority may provide to such developments. All of the subsidies provided under the RAD program will be subject to annual appropriations by the federal government.

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## DESCRIPTION AND PROCEDURES OF DTC

*The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The term "Offered Bonds" as and where used in this appendix shall be deemed to be the equivalent of the term "Offered Certificates" when this appendix is attached to an Offering Circular.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Offered Bonds. The Offered Bonds will be available as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bonds certificate will be issued, reflecting each maturity of each series (or subseries) of the Offered Bonds and the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bonds documents. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a series (or subseries) and a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Offered Bonds of the series (or subseries) and same maturity to be redeemed. However, a different procedure for partial redemptions may have been established for some or all of the Offered Bonds. See "Selection of Bonds for Redemption" in "Description of the Offered Bonds."

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights

to those Direct Participants to whose accounts the Offered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments, including such payments upon redemption, on the Offered Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Offered Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Offered Bonds certificates are required to be printed and delivered.

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

## SUMMARY OF CERTAIN PROVISIONS OF THE CONTINUING DISCLOSURE AGREEMENT

Certain provisions of the Continuing Disclosure Agreement, as amended, between the Authority and the Trustee (the "Continuing Disclosure Agreement") not previously discussed in this Official Statement are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full terms of the Continuing Disclosure Agreement. This summary does not apply to Subject Bonds issued prior to October 7, 2019.

The Continuing Disclosure Agreement between the Authority and the Trustee was executed and delivered for the benefit of the Holders and Beneficial Owners of the Subject Bonds and in order to assist the Participating Underwriters in complying with SEC Rule 15c2-12(b)(5). The Offered Bonds are to be Subject Bonds.

### Certain Definitions

Defined terms used in the Continuing Disclosure Agreement and not otherwise defined therein have the meanings set forth in the Resolution.

"Annual Financial Information" means the information to be provided by the Authority described under the caption "Content of Annual Financial Information."

"Beneficial Owner" means a beneficial owner of Subject Bonds as determined pursuant to the Rule.

"Bonds" means, at any time, all of the Authority's then Outstanding Commonwealth Mortgage Bonds, collectively.

"Financial Obligation" (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means that period established by the Authority with respect to which its, as applicable, Audited Financial Statements or Unaudited Financial Statements are prepared. As of the date of the Continuing Disclosure Agreement, the Authority's Fiscal Year begins on July 1 and ends on June 30 of the next calendar year.

"Holders" means the registered owners of the Subject Bonds.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Obligated Person" means any person, including the Authority, who is either generally or through an enterprise, fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations on any Subject Bonds to be sold in an offering (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities). The term "Obligated Person" shall not include the mortgagor of any Mortgage Loan.

"Participating Underwriters" means the respective underwriters in connection with the offering of a series of Commonwealth Mortgage Bonds which are Subject Bonds.

"Rule" means the applicable provisions of Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934, as amended, as in effect on the date of the Continuing Disclosure Agreement, including any official interpretations thereof.

"SEC" means the United States Securities and Exchange Commission.

"Subject Bonds" means those Commonwealth Mortgage Bonds which are expressly made subject to the Continuing Disclosure Agreement in the Authority documents related to the issuance of such Bonds.

### Provision of Annual Financial Information

The Authority will, not later than 180 days after the end of the Authority's Fiscal Year, provide to the MSRB the Annual Financial Information.

The Continuing Disclosure Agreement requires the Authority to provide, in a timely manner, notice to the MSRB of any failure by the Authority to provide Annual Financial Information to the MSRB on or before the date described in the first paragraph under this heading and also of any change in the Authority's fiscal year.

## Content of Annual Financial Information

The Authority's Annual Financial Information shall contain or include by reference information of the following type:

(a) the audited financial statements, if available, or unaudited financial statements of the Authority for the Fiscal Year ended on the previous June 30, prepared in accordance with generally accepted accounting principles, applied on a consistent basis; provided, however, that the Authority may from time to time, in order to comply with federal or state legal requirements, modify the basis upon which its financial statements are prepared;

(b) the balance of the Debt Service Reserve Fund, valued in accordance with the Bond Resolution;

(c) the amount of General Fund assets made or expected to be made available to originate mortgage loans with yields which are, at the time such loans are originated, substantially less than the yields of U.S. government or agency securities of similar maturity;

(d) the amount outstanding under the Authority's \$38 million (original amount) line of credit to the Commonwealth's Virginia Housing Partnership Revolving Fund, if such line of credit is in effect during the applicable Fiscal Year;

(e) the delinquency status of Mortgage Loans and mortgage loans originated under the Authority's other single family resolution programs ("Other Mortgage Loans"), the outstanding balance of Mortgage Loans and Other Mortgage Loans, the outstanding balance of delinquent Mortgage Loans and Other Mortgage Loans, the percentage of delinquent Mortgage Loans and Other Mortgage Loans, the outstanding balance of Mortgage Loans and Other Mortgage Loans in foreclosure, and the percentage of Mortgage Loans and Other Mortgage Loans in foreclosure;

(f) the amount of any allowance for loan losses;

(g) the original principal amounts, outstanding principal amounts, and effective interest rates (if fixed to maturity) on the outstanding general obligation notes and bonds of the Authority;

(h) the percentage of outstanding principal balance of Mortgage Loans, by primary insurance provider; and

(i) the percentage of the Authority's single family mortgage loan portfolio serviced by the Authority, overall and newly originated, and the remaining percentage of such portfolio serviced by its principal external servicers.

If the Authority's Annual Financial Information does not include its audited financial statements, when and if such audited financial statements become available the Authority shall provide them to the MSRB.

Any of the items (b) through (i) above will not be provided separately if included in the Authority's financial statements. In addition, any or all of the items listed above may be included by specific reference to documents, previously either (i) provided to the MSRB, or (ii) filed with the SEC (if such document is a final official statement within the meaning of the Rule, it must also be available from the MSRB). Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

In addition to items (a) through (i) above, the Authority's Annual Financial Information shall include information regarding amendments to the Continuing Disclosure Agreement as described below in the last two paragraphs under the heading "Amendment of Continuing Disclosure Agreement."

## Reporting of Significant Events

The Authority will give notice, in a timely manner not in excess of ten business days after the occurrence of an event, to the MSRB of the occurrence of any of the following events with respect to the Subject Bonds:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of any Subject Bonds, or other material events affecting the tax status (if applicable) of any Subject Bonds;
- (vii) modifications to rights of Holders, if material;

- (viii) Subject Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Subject Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Obligated Person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect Subject Bond holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

Notwithstanding the foregoing, unless the Rule requires otherwise, notice of the events described in items (viii) and (ix) need not be given any earlier than, if applicable, the date notice is required to be given to Holders of applicable Subject Bonds pursuant to the Resolution or the Authority's documents authorizing the issuance of such Subject Bonds.

The Continuing Disclosure Agreement requires the Trustee to promptly give notice to the Authority whenever, in the course of performing its duties as Trustee under the Resolution, the Trustee identifies an event listed above; provided, however, that the failure of the Trustee so to advise the Authority shall not constitute a breach by the Trustee of any of its duties and responsibilities under the Continuing Disclosure Agreement and the Resolution.

### **Amendment of Continuing Disclosure Agreement**

The Continuing Disclosure Agreement may be amended by written agreement of the Authority and the Trustee, and any provision of the Continuing Disclosure Agreement may be waived, without the consent of the Holders or Beneficial Owners (except to the extent required as described in clause 4 (ii) below), if all of the following conditions are satisfied: (1) the Authority determines that such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Authority or the type of business conducted thereby or is made to facilitate compliance with the Rule and any future amendments to the Rule, (2) the Continuing Disclosure Agreement as so amended or waived would have complied with the requirements of the Rule as of the date of each primary offering of Subject Bonds affected by the amendment or waiver, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Authority shall have delivered to the Trustee an opinion of legal counsel expert in federal securities laws ("Securities Counsel"), addressed to the Authority and the Trustee, to the same effect, as set forth in clause (2) above, (4) either (i) a party unaffiliated with the Authority (such as the Trustee or bond counsel) acceptable to the Authority and the Trustee has determined that the amendment or waiver does not materially impair the interests of the Beneficial Owners, or (ii) the Holders consent to the amendment or waiver of the Continuing Disclosure Agreement pursuant to the same procedures as are required for amendments to the Resolution with consent of Holders; and (5) the Authority shall have delivered copies of such amendment or waiver to the MSRB.

In addition to the foregoing, the Authority and the Trustee may amend the Continuing Disclosure Agreement, and any provision of the Continuing Disclosure Agreement may be waived, if the Trustee shall have received an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that the adoption and the terms of such amendment or waiver would not, in and of themselves, cause the undertakings in the Continuing Disclosure Agreement to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

To the extent any amendment to the Continuing Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to the Continuing Disclosure Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

### **Enforcement**

The obligation of the Authority to comply with the provisions of the Continuing Disclosure Agreement are enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any Beneficial Owner of Outstanding Subject Bonds, or by the Trustee on behalf of the Holders of Outstanding Subject Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the Holders of Outstanding Subject Bonds or by any Beneficial Owner; provided, however, that a Beneficial Owner may not take any enforcement action pursuant to clause (ii) without the consent of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding; provided, further, that the Trustee shall not be required to take any enforcement action except at the direction of the Holders of not less than 25% in aggregate principal amount of the Subject Bonds at the time Outstanding who shall have provided the Trustee with adequate security and indemnity. The Holders', the Beneficial Owners' and the Trustee's right to enforce the provisions of the Continuing Disclosure Agreement are limited to a right, by action in mandamus or for specific performance, to compel performance of the Authority's obligations under the Continuing Disclosure Agreement. Any failure by the Authority or the Trustee to perform in accordance with the Continuing Disclosure Agreement will not constitute a default or any Event of Default under the Resolution, and the rights and remedies provided by the Resolution upon the occurrence of a default or an Event of Default will not apply to any such failure.

### **Termination**

The Authority's and the Trustee's obligations under the Continuing Disclosure Agreement with respect to the Subject Bonds terminate upon legal defeasance pursuant to the Resolution, prior redemption or payment in full of all of the Subject Bonds.

The Continuing Disclosure Agreement, or any provision thereof, shall be null and void in the event that the Authority (1) delivers to the Trustee an opinion of Securities Counsel, addressed to the Authority and the Trustee, to the effect that those portions of the Rule which require the provisions of the Continuing Disclosure Agreement, or any of such provisions, do not or no longer apply to the Subject Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers notice to such effect to the MSRB.

### **Manner of Reporting**

All notices and filings required to be made to the MSRB hereunder shall be made in the manner prescribed by the MSRB.

### **Governing Law**

The Continuing Disclosure Agreement must be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of the Continuing Disclosure Agreement must be instituted in a court of competent jurisdiction in the Commonwealth, provided that, to the extent the Continuing Disclosure Agreement addresses matters of federal securities laws, including the Rule, the Continuing Disclosure Agreement must be construed in accordance with such federal securities laws and the official interpretation thereof.

**Set forth below is the Approving and Tax Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority delivered on the date of issuance of the Offered Tax-Exempt Bonds.**

July 8, 2026

Virginia Housing Development Authority  
Richmond, Virginia

Commissioners:

As Bond Counsel to the Virginia Housing Development Authority (the "Authority"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), created by the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Code of Virginia, 1950, as amended (the "Act"), and organized and existing under the Act and other laws of the Commonwealth, we have examined a record of proceedings relating to the issuance of \$150,000,000 Commonwealth Mortgage Bonds, 2026 Series H-Non-AMT (the "Series H Bonds"), \$225,000,000 Commonwealth Mortgage Bonds, 2026 Series I-Taxable (the "Series I Bonds") and \$206,340,000 Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT (the "Series J Bonds"; together with the Series H Bonds and the Series I Bonds, the "Bonds") by the Authority.

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted July 15, 1986 entitled "A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof," as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the "Resolution"); a resolution of the Authority adopted May 5, 2026 entitled "Bond Limitations Resolution" (the "Bond Limitations Resolution"); and the Written Determinations of an Authorized Officer of the Authority dated as of June 15, 2026 (the "Written Determinations"), and executed and delivered in accordance with the Bond Limitations Resolution. The Written Determinations, the Bond Limitations Resolution and the Resolution are collectively herein referred to as the "Bond Resolution." The Bonds are authorized to be issued pursuant to the Resolution for the purpose of providing funds to carry out the Authority's Program of making Mortgage Loans. All capitalized terms used herein and not otherwise defined have the meanings set forth in the Bond Resolution.

In connection with rendering the opinion set forth in paragraph number 4 below, we have examined the provisions of Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations promulgated thereunder; the Authority's Tax Certification and Arbitrage Certificate, of even date herewith, of authorized officers of the Authority, to the effect that the Series H Bonds and the Series J Bonds are not "arbitrage bonds" within the meaning of the Code and as to other matters affecting the tax-exempt status of such Series H Bonds and Series J Bonds; and the relevant provisions of such other documents and such other matters of fact and law as we have deemed relevant to the rendering of such opinion.

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series H Bonds and the Series J Bonds in order that interest on the Series H Bonds and the Series J 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 H Bonds and the Series J 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 H Bonds and the Series J Bonds to become included in gross income for federal income tax purposes retroactive to the date interest began to accrue, irrespective of the date on which such noncompliance occurs or is discovered. The Authority has covenanted in the Bond Resolution to at all times do and perform all acts required by the Code in order to assure that interest on the Series H Bonds and the Series J Bonds shall not be included in gross income of the owner thereof pursuant to the Code.

Based upon the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, the Act is valid and the Authority has been duly created and validly exists as a political subdivision with such political and corporate powers as set forth in the Act with lawful authority, among other things, to carry out the Program of making Mortgage Loans, to provide funds therefor and to perform the Authority's obligations under the terms and conditions of the Bond Resolution.
2. The Bond Resolution has been duly adopted by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms.
3. The Bonds are valid and legally binding general obligations of the Authority secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates a valid pledge of, and the lien that it purports to create upon, the Assets held or

set aside or to be held and set aside pursuant to the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Series H Bonds and the Series J Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series H Bonds and the Series J Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Series H Bonds and the Series J Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series H Bonds and the Series J Bonds, and we have assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series H Bonds and the Series J Bonds from gross income under Section 103 of the Code.

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

We express no opinion as to any federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4 and 5 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series H Bonds and the Series J Bonds.

The foregoing opinion is qualified to the extent that the enforceability of the Authority’s obligations with respect to the Bonds and the Bond Resolution may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors’ rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof and we have relied on certificates and opinions provided to us.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets pledged to payment of the Bonds, the ability of the Authority to provide for the payment of the Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Bonds, including the Authority’s Preliminary Official Statement for the Bonds dated June 9, 2026, and its Official Statement for the Bonds dated June 15, 2026.

Very truly yours,

**Set forth below is the proposed form of the Approving Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority for the Offered Taxable Bonds. Such opinion is subject to change prior to the delivery of the Offered Taxable Bonds.**

October . . . , 2026

Virginia Housing Development Authority  
Richmond, Virginia

Commissioners:

As Bond Counsel to the Virginia Housing Development Authority (the "Authority"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), created by the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Code of Virginia, 1950, as amended (the "Act"), and organized and existing under the Act and other laws of the Commonwealth, we have examined a record of proceedings relating to the issuance of \$ . . . Commonwealth Mortgage Bonds, 2026 Series L-Taxable (the "Bonds") by the Authority.

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted July 15, 1986 entitled "A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof," as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the "Resolution"); a resolution of the Authority adopted May 5, 2026 entitled "Bond Limitations Resolution" (the "Bond Limitations Resolution"); and the Written Determinations of an Authorized Officer of the Authority dated as of September . . . , 2026 (the "Written Determinations"), and executed and delivered in accordance with the Bond Limitations Resolution. The Written Determinations, the Bond Limitations Resolution and the Resolution are collectively herein referred to as the "Bond Resolution." The Bonds are authorized to be issued pursuant to the Resolution for the purpose of providing funds to carry out the Authority's Program of making Mortgage Loans. All capitalized terms used herein and not otherwise defined have the meanings set forth in the Bond Resolution. Based upon the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the Commonwealth, the Act is valid and the Authority has been duly created and validly exists as a political subdivision with such political and corporate powers as set forth in the Act with lawful authority, among other things, to carry out the Program of making Mortgage Loans, to provide funds therefor and to perform the Authority's obligations under the terms and conditions of the Bond Resolution.

2. The Bond Resolution has been duly adopted by the Authority, is valid and binding upon the Authority and is enforceable in accordance with its terms.

3. The Bonds are valid and legally binding general obligations of the Authority secured by a pledge in the manner and to the extent set forth in the Resolution and are entitled to the benefit, protection and security of the provisions, covenants and agreements of the Resolution. The Resolution creates a valid pledge of, and the lien that it purports to create upon, the Assets held or set aside or to be held and set aside pursuant to the Resolution, subject only to the provisions of the Resolution permitting the use and payment thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

4. Interest on the Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

We express no opinion regarding any other Federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. We render our opinion under existing statutes and court decisions as of the issue date, and assume no obligation to update our opinion after the issue date to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the inclusion or exclusion from gross income for federal income tax purposes of interest on the Bonds, or under state and local tax law.

The foregoing opinion is qualified to the extent that the enforceability of the Authority's obligations with respect to the Bonds and the Bond Resolution may be limited by bankruptcy, moratorium or insolvency or other laws affecting creditors' rights or remedies generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof and we have relied on certificates and opinions provided to us.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets pledged to payment of the Bonds, the ability of the Authority to provide for the payment of the Bonds or the accuracy or completeness of any information that may have been relied on by anyone in making a decision to purchase the Bonds, including the Authority's Preliminary Official Statement for the Bonds dated September . . . , 2026, and its Official Statement for the Bonds dated September . . . , 2026.

Very truly yours,

**Set forth below is the proposed form of the Conversion Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority for the Offered Tax-Exempt Bonds. Such opinion is subject to change prior to the delivery of the Offered Tax-Exempt Bonds.**

October . . . , 2026

Virginia Housing Development Authority  
Richmond, Virginia

Commissioners:

On July 8, 2026, as Bond Counsel to the Virginia Housing Development Authority (the "Authority"), we delivered our approving and tax opinion (the "Approving and Tax Opinion") in connection with the issuance by the Authority of \$150,000,000 Commonwealth Mortgage Bonds, 2026 Series H-Non-AMT (the "Series H Bonds"), \$225,000,000 Commonwealth Mortgage Bonds, 2026 Series I-Taxable, and \$206,340,000 Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT (the "Series J Bonds"; together with the Series H Bonds, the "Series HJ Bonds").

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain ongoing requirements which must be met subsequent to the delivery of the Series HJ Bonds in order that interest on the Series HJ Bonds be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. The Authority has covenanted in the resolution of the Authority adopted July 15, 1986 entitled "A Resolution Providing for the Issuance of Commonwealth Mortgage Bonds of the Virginia Housing Development Authority and for the Rights of the Holders Thereof," as amended, supplemented and restated to the date hereof, including as restated by the restated bond resolution adopted by the Authority on September 21, 2004 (the "Resolution"), the resolution of the Authority adopted May 5, 2026 entitled "Bond Limitations Resolution" and the Written Determinations of an Authorized Officer of the Authority dated as of June 15, 2026 (the "Written Determinations"), to at all times do and perform all acts required by the Code in order to assure that interest on the Series HJ Bonds shall not be included in gross income of the owner thereof pursuant to the Code. In rendering the Approving and Tax Opinion, we relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series HJ Bonds, and we assumed compliance by the Authority and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series HJ Bonds from gross income under Section 103 of the Code.

The Written Determinations set forth procedures pursuant to which the interest rates on the Series J Bonds may be converted to new interest rates fixed to maturity ("Fixed Rates"). The Written Determinations provide that an opinion of Bond Counsel be delivered in connection with any such conversion. This opinion is being delivered pursuant to such provision.

On the date hereof, the Authority is converting the interest rate on \$ . . . principal amount of the Series J Bonds to Fixed Rates and, in connection therewith, redesignating such Series J Bonds as Commonwealth Mortgage Bonds, 2026 Series J-Non-AMT, Subseries J-2 (the "Subseries J-2 Bonds"). We are of the opinion that the conversion of the interest rate on such portion of the Series J Bonds to Fixed Rates on the date hereof, in and of itself, will not adversely affect the exclusion of the interest on the Series HJ Bonds from gross income for federal income tax purposes.

Except as stated in the preceding paragraph, we express no opinion as to any other matter with respect to the exclusion of interest on the Series HJ Bonds from gross income for federal income tax purposes or as to the treatment of any such Series H Bonds and Series J Bonds for tax purposes by any state, city, county or other jurisdiction. We render this opinion under existing statutes and court decisions as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. We rendered our Approving and Tax Opinion under then-existing statutes and court decisions as of the date thereof and we did not assume any obligation to update, revise or supplement the Approving and Tax Opinion to reflect any action taken or not taken after the date of the Approving and Tax Opinion, or any facts or circumstances that come to our attention after its date, or any changes in law or interpretations thereof that occur after the date of the Approving and Tax Opinion, or for any other reason. In the Approving and Tax Opinion, we expressed no opinion on the effect of any action taken or not taken after the date of the Approving and Tax Opinion in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Series HJ Bonds.

We express no opinion herein as to the financial resources of the Authority, the adequacy of the Assets (as such term is defined in the Resolution) pledged to payment of the Subseries J-2 Bonds, the ability of the Authority to provide for the payment of the Subseries J-2 Bonds, or the accuracy or completeness of any information that may have been relied on by anyone in making a

decision to purchase the Subseries J-2 Bonds, including the Authority's Preliminary Official Statement for the Subseries J-2 Bonds dated September . . . , 2026, and its Official Statement for the Subseries J-2 Bonds dated September . . . , 2026.

Very truly yours,



