| Moody's | S&P |
|---|---|
| *Aa1* | *AA+* |

(See "Ratings" herein)

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

*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.*

# $200,000,000
# VIRGINIA HOUSING DEVELOPMENT AUTHORITY
## Rental Housing Bonds
## 2020 Series F-Taxable

| Maturity Date (July 1) | Principal Amount | Serial or Term | Interest Rate | CUSIP* |
|---|---|---|---|---|
| 2023 | $4,065,000 | Serial | 0.836% | 92812VE28 |
| 2024 | 4,100,000 | Serial | 1.147 | 92812VE36 |
| 2025 | 4,145,000 | Serial | 1.347 | 92812VE44 |
| 2026 | 4,200,000 | Serial | 1.645 | 92812VE51 |
| 2027 | 4,270,000 | Serial | 1.795 | 92812VE69 |
| 2028 | 4,345,000 | Serial | 1.959 | 92812VE77 |
| 2029 | 4,435,000 | Serial | 2.059 | 92812VE85 |
| 2030 | 4,525,000 | Serial | 2.159 | 92812VE93 |
| 2031 | 4,620,000 | Serial | 2.259 | 92812VF27 |
| 2032 | 4,725,000 | Serial | 2.359 | 92812VF35 |
| 2035 | 14,880,000 | Term | 2.509 | 92812VF43 |
| 2040 | 27,650,000 | Term | 2.982 | 92812VF50 |
| 2045 | 32,130,000 | Term | 3.132 | 92812VF68 |
| 2050 | 37,595,000 | Term | 3.282 | 92812VF76 |
| 2055 | 44,315,000 | Term | 3.432 | 92812VF84 |

**Price of all Offered Bonds: 100%**
**Dated Date: Date of Delivery**

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, 2021. 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 but see "Description of the Offered Bonds." The Offered Bonds will be initially issued and may be purchased only in book-entry form through the facilities of DTC. U.S. Bank National Association, Minneapolis, Minnesota, is the Trustee.

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

**The Authority has no taxing power. The Rental Housing 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 Rental Housing Bonds be payable out of any funds other than those of the Authority.**

The Offered Bonds are offered when, as and if issued, subject to prior sale, or withdrawal or modification of the offer without notice. The Offered 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" herein. Certain legal matters will be passed upon for the 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 July 21, 2020.

**Wells Fargo Securities**

**BofA Securities** **RAYMOND JAMES**

July 8, 2020

* 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 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 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 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 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 (including, without limitation, the global outbreak of the coronavirus which the World Health Organization named COVID-19 and declared a pandemic and governments' responses to the outbreak), natural disasters, severe weather, technological emergencies, riots, acts of war or terrorism or other circumstances, could potentially disrupt the Authority's ability to conduct its business and adversely affect the performance of the mortgage loans owned or serviced by the Authority. See "Business Disruption Risk; COVID – 19" in "PART III – GENERAL INFORMATION ABOUT THE AUTHORITY."

Capitalized terms used in this Official Statement, unless otherwise herein defined, shall have the meanings set forth in a resolution adopted by the Virginia Housing Development Authority (the "Authority") on March 24, 1999, as amended to the date of delivery of the Offered Bonds (the "Current Resolution") authorizing the issuance and sale of the Rental Housing 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. The following terms are used in this Official Statement to refer to the Rental Housing Bonds listed below.

| Term | Referenced Bonds |
|---|---|
| "Rental Housing Bonds" | Currently Outstanding Bonds, the Offered 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 |
| "Offered Bonds" | Rental Housing Bonds, 2020 Series F-Taxable |
| "Taxable Bonds" | Bonds, including the Offered 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 |
| "Tax-Exempt Bonds" | 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 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 |
| "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 |

This Official Statement is being distributed by the Authority to furnish pertinent information in connection with the initial offering of the Offered Bonds. The Offered Bonds are being offered hereby pursuant to the Virginia Housing Development Authority Act (the "Act"), the Current Resolution, the Bond Limitations Resolution adopted by the Authority on April 20, 2020 and the Written Determinations as to the terms of the Offered Bonds. In connection with the prior issuance of Rental Housing 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 "Rental Housing Bonds Resolution."

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

The Offered Bonds are Taxable 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 "Requirements Applicable to Developments Financed by Tax-Exempt AMT Bonds and Tax-Exempt Non-AMT Bonds" in "The Multi-Family Program").

U.S. Bank 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 Rental Housing Bonds Resolution and other documents and materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. For further information, reference is hereby made to the Act, the Resolution, the Current Resolution, and the Rental Housing Bonds Resolution and such other documents and materials for the complete provisions thereof.

## DESCRIPTION OF THE OFFERED BONDS

Proceeds of the Offered Bonds are expected to be used to finance, in whole or in part, one or more Mortgage Loans or to redeem, pursuant to the applicable optional redemption provisions, certain outstanding Rental Housing Bonds. At this time, the majority of the proceeds of the Offered Bonds are expected to be used to finance one or more Mortgage Loans for the following developments.

| Development | Location | Mortgage Loan Amount | Program | Type of Occupancy | Total Units |
|---|---|---|---|---|---|
| Austin Woods | Chesterfield County | $36,930,000 | MUMI | General | 230 |
| Berkmar | Albemarle County | $44,145,000 | MUMI | General | 261 |
| Market Heights Apartments | City of Norfolk | $7,081,000 | Tax Credit | General | 80 |
| PABP Apartments | City of Norfolk | $5,850,000 | Tax Credit | General | 70 |
| Regency Mall Apartments | Henrico County | $58,000,000 | MUMI | General | 320 |
| | | $152,006,000 | | | |

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. See Appendix F for a description of the federal low income housing tax credit program.

The Offered Bonds shall be issued in the aggregate principal amount and shall mature in the amounts and on the dates set forth on the front cover hereof. The Offered Bonds are issued in $5,000 denominations and in integral multiples thereof although, as described herein, redemptions of less than all of a maturity of the Offered Bonds are expected to be made on a pro rata pass-through distribution of principal basis and any such redemption may result in the ownership interests of Beneficial Owners (as defined in Appendix G) being outstanding in amounts that are not integral multiples of $5,000. The Authority may establish authorized denominations other than integral multiples of $5,000 for any one or more maturities of the Offered Bonds to apply if DTC (or a successor securities depository) is no longer the Owner of the Offered Bonds. Interest on the Offered Bonds shall commence to accrue on their date of delivery and shall be payable semi-annually on the dates and at the interest rates set forth on the front cover 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 issued 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 (i) prepayments, in whole or in

part, of the outstanding principal balances on Mortgage Loans, (ii) original proceeds from the issuance and sale of Rental Housing Bonds that the Authority determines will not be used to make, purchase, finance or refinance Mortgage Loans or Authority Property or that will not be used to acquire and finance Investment Obligations on other than a temporary basis, (iii) the net proceeds from the sale or other disposition (including foreclosure) of Mortgage Loans or Authority Property, and (iv) proceeds received by the Authority from mortgage insurance, title insurance or hazard insurance with respect to Mortgage Loans or Authority Property. The amounts set forth in the previous sentence include amounts derived from the Offered Bonds, Currently Outstanding Bonds and any additional Rental Housing Bonds hereafter issued (as well as the Mortgage Loans and Authority Property now or hereafter financed under the Resolution), except as otherwise agreed by the Authority. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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

*Certain Factors That May Affect Special Redemptions*

The Authority expects that any new Mortgage Loans financed, in whole or in part, with the proceeds of the Offered Bonds will not permit prepayment without the consent of the Authority until dates which are on or after the July 1, 2030 Optional Redemption Date (see "Optional Redemption"). The Authority may, however, consent to the prepayment of such Mortgage Loan or Mortgage Loans prior to the July 1, 2030 Optional Redemption Date. In addition, the Authority may use all or a portion of the proceeds of the Offered Bonds for the redemption of outstanding Rental Housing Bonds.

Mortgage Loans currently financed by Rental Housing Bonds usually have terms that prohibit prepayment without the Authority's consent for a specified period of time, which is generally (i) 10 years, in the case of Mortgage Loans not financed in whole or in part by Tax-Exempt Bonds or (ii) the time period (referred to as the "Qualified Project Period") during which restrictions under the Code apply, in the case of Mortgage Loans financed, in whole or in part, by Tax-Exempt Bonds. For some Mortgage Loans, the time period during which the Mortgage Loan may not be prepaid without the Authority's consent has expired, and such Mortgage Loans may be prepaid, in whole or in part. Certain Mortgage Loans (including principally the Mortgage Loans that were originated prior to 1986 to finance Developments assisted under the federal Section 8 Program (see Appendix F)), may not be prepaid prior to their maturity without the Authority's consent, which has been given on a case by case basis. The Authority can give no assurance that it will not consent to any full or partial prepayment of Mortgage Loans. Also, prior to the July 1, 2030 Optional Redemption Date, the Authority may offer to refinance Mortgage Loans with new mortgage loans financed by proceeds of Rental Housing Bonds or other bonds of the Authority hereafter issued or other funds, which may result in the special redemption of then Outstanding Rental Housing Bonds (possibly including Offered Bonds) prior to the July 1, 2030 Optional Redemption Date. The Authority can give no assurance that it will not do so. For more information on multi-family loan terms (including a discussion of the "Qualified Project Period"), see "The Multi-Family Program."

In the event of the foreclosure of any Development, a third party may acquire such Development at the foreclosure sale. Also, in the event that the Authority shall acquire any Development by foreclosure or deed in lieu of foreclosure, the Authority may thereafter transfer such Development to a third party. In order to facilitate such acquisition or transfer, the Authority may finance a new Mortgage Loan to such third party for all or part of the purchase price of such Development. If the Authority finances a new Mortgage Loan for such acquisition or transfer, the Authority may, in its discretion, either (i) not redeem any then Outstanding Rental Housing Bonds so that the source of financing for the Development shall continue to be such Outstanding Rental Housing Bonds or (ii) finance such new Mortgage Loan by issuing Rental Housing Bonds or other obligations. The financing of such new Mortgage Loan by the issuance of Rental Housing Bonds or other obligations will result in the receipt by the Authority of proceeds from the disposition of the original Mortgage Loan or Authority Property. In addition, if the Authority does not provide a new Mortgage Loan to finance the acquisition or transfer of such Development, such acquisition or transfer will also result in the receipt by the Authority of proceeds from the disposition of the original Mortgage Loan or Authority Property.

If any Mortgage Loan attributable to Tax-Exempt Bonds is prepaid or if any proceeds are received by the Authority from the sale or other disposition of any such Mortgage Loan or any Authority Property attributable to Tax-Exempt Bonds, the proceeds of such prepayment or sale or other disposition, at the option of the Authority, may be used for the special redemption of Tax-Exempt Bonds or, subject to satisfaction of the Revenue Test, transferred to the Authority (see "Withdrawal of Assets; Limited Operating Covenants"), or, to the extent permitted by the Code, used to redeem by special redemption other Rental Housing Bonds (including the Offered Bonds) or to finance new Mortgage Loans. The Authority does not expect to have the opportunity to use such prepayments and proceeds of sales or other dispositions to finance any such new Mortgage Loans.

If any Mortgage Loan attributable to Taxable Bonds, including the Offered Bonds, or net assets of the Resolution is prepaid or if proceeds are received by the Authority from any sale or other disposition of such Mortgage Loans or any Authority Property attributable to Taxable Bonds, including the Offered Bonds, or such net assets, the proceeds of any such prepayment or sale or other disposition, at the option of the Authority, may be used to finance new Mortgage Loans or other Assets, or to retire or redeem by special redemption Rental Housing Bonds (including Offered Bonds) or, subject to satisfaction of the Revenue Test, may be transferred to the Authority.

Factors which may affect the demand for Mortgage Loans and the amount of prepayments on Mortgage Loans and consequently the Authority's ability to use the proceeds of Rental Housing Bonds and any prepayments on the Mortgage Loans (as well as any proceeds of any sale or other disposition of a Mortgage Loan or Authority Property) 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 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 when permitted by the terms of the applicable Mortgage Loans, and could necessitate the exercise by the Authority of its right to apply such portions of the proceeds of Rental Housing Bonds and prepayments on Mortgage Loans (as well as any proceeds of any disposition of a Mortgage Loan or Authority Property) to redeem Rental Housing Bonds, including Offered Bonds, to the extent permitted by the Code.

**Optional Redemption**

The Offered Bonds maturing on or after July 1, 2031, 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, 2030 (the "July 1, 2030 Optional Redemption Date"), at a Redemption Price equal to the principal amount, without premium, of the Offered Bonds to be so redeemed. Accrued interest, if any, to the date of redemption will be paid upon redemption.

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

**Sinking Fund Redemption**

The Offered Bonds designated as Term Bonds on the cover 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 (other than in satisfaction of Sinking Fund Installments) or the purchase and cancellation of less than all of a maturity of Term Bonds, the Authority shall instruct the Trustee as to which Sinking Fund Installments for such maturity of Term Bonds 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 Bonds
Maturing July 1, 2035

| Sinking Fund Installment Date (July 1) | Principal Amount |
|---|---|
| 2033 | $4,835,000 |
| 2034 | 4,960,000 |
| 2035* | 5,085,000 |
| | $14,880,000 |

Offered Bonds
Maturing July 1, 2040

| Sinking Fund Installment Date (July 1) | Principal Amount |
|---|---|
| 2036 | $5,210,000 |
| 2037 | 5,365,000 |
| 2038 | 5,525,000 |
| 2039 | 5,690,000 |
| 2040* | 5,860,000 |
| | $27,650,000 |

Offered Bonds
Maturing July 1, 2045

| Sinking Fund Installment Date (July 1) | Principal Amount |
|---|---|
| 2041 | $6,035,000 |
| 2042 | 6,225,000 |
| 2043 | 6,420,000 |
| 2044 | 6,620,000 |
| 2045* | 6,830,000 |
| | $32,130,000 |

Offered Bonds
Maturing July 1, 2050

| Sinking Fund Installment Date (July 1) | Principal Amount |
|---|---|
| 2046 | $7,040,000 |
| 2047 | 7,275,000 |
| 2048 | 7,510,000 |
| 2049 | 7,760,000 |
| 2050* | 8,010,000 |
| | $37,595,000 |

Offered Bonds
Maturing July 1, 2055

| Sinking Fund Installment Date (July 1) | Principal Amount |
|---|---|
| 2051 | $8,275,000 |
| 2052 | 8,560,000 |
| 2053 | 8,855,000 |
| 2054 | 9,155,000 |
| 2055* | 9,470,000 |
| | $44,315,000 |

* 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 and maturities of Offered Bonds to be redeemed. In so selecting the amounts 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 Rental Housing Bonds and any future legislation and regulations affecting the Rental Housing Bonds, including Tax-Exempt Bonds; however, no assurance can be given as to whether those factors or any other factors will be considered or as to how such factors will be applied in the selection of the Offered Bonds to be redeemed.

If less than all of a maturity of the Offered Bonds is to be redeemed and if the Offered Bonds are registered in book-entry only form in the name of DTC or a successor securities depository as the sole registered Owner of the Offered Bonds, such redemption shall be made on a pro rata pass-through distribution of principal basis among DTC participants, in accordance with the operational arrangements of DTC then in effect. If the DTC operational arrangements then in effect do not allow for the redemption of the Offered Bonds on a pro rata pass-through distribution of principal basis among DTC participants but do allow for selection for redemption by lot, then the Offered Bonds will be selected for redemption by lot. It is the Authority's intent that redemption allocations for the Offered Bonds made by DTC be made on a pro rata pass-through distribution of principal basis among DTC participants as described above. However, the Authority cannot provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of the Offered Bonds on such basis.

The Authority may establish authorized denominations other than $5,000 and integral multiples thereof for any one or more maturities of the Offered Bonds to apply if DTC (or a successor securities depository) is no longer the Owner of the Offered Bonds.

If the Offered Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Offered Bonds shall be allocated in authorized denominations among the registered Owners of such Offered Bonds on a pro rata basis.

**Notice to Owners**

The Current Resolution provides that 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 Rental Housing 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 of the Authority, any Rental Housing 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 S&P Global Market Intelligence. 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 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.

## SECURITY

**Pledge of Assets**

Payment of the principal of and interest on the Rental Housing Bonds, as well as payment of other Bond Amounts, are secured, to the extent and as provided in the Rental Housing Bonds Resolution, by a pledge of the Assets. In addition to interest and principal, Compounded Amount, Redemption Price and Purchase Price due on any Rental Housing Bonds, "Bond Amount" includes any payment required to be made by the Authority pursuant to an Exchange Agreement (including a payment upon

termination thereof) or an Enhancement Agreement, in each case to the extent such payment is payable from Assets. (See "Exchange Agreements and Enhancement Agreements.") "Assets" consist of Mortgage Loans, Authority Property (including the office building and property where the Authority has its principal offices, located at 601 South Belvidere Street, Richmond, Virginia), Revenues and Investment Obligations, and, to the extent made subject to the pledge or lien of the Resolution, Enhancement Agreements and Exchange Agreements (see "Summary of Certain Provisions of the Current Resolution"). The Rental Housing Bonds Resolution imposes no requirements on the Authority as to a minimum amount or type of Assets.

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

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

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

**Mortgage Loans**

Mortgage Loans are required by the Resolution to be secured by liens on the Developments and are Assets that are subject to the lien and pledge of the Resolution. See "The Multi-Family Program" and see Appendix E 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.

The Authority, from time to time, may use Assets of the Rental Housing Bonds Resolution to purchase bonds issued under the Commonwealth Mortgage Bonds Resolution or the Homeownership Bonds Resolution or to make moneys available to the Commonwealth Mortgage Bonds Resolution or the Homeownership Bonds Resolution through other financial arrangements. When the Authority purchases such bonds or enters into such other financial arrangements, such bonds or financial arrangements become Assets of the Rental Housing Bonds Resolution. The Authority can give no assurances as to the amount of such bond purchases or financial arrangements and whether or not the Authority will be able to remarket such bonds or transfer such financial arrangements to third parties.

See "Investments" and "The Common Fund" in "General Information About The Authority" for additional information concerning Investment Obligations.

**Exchange Agreements and Enhancement Agreements**

The Rental Housing Bonds Resolution permits the Authority to execute Exchange Agreements (such as swap agreements) and Enhancement Agreements (such as agreements related to bond insurance) under which the Authority obligations are payable from Assets on a parity basis with the Rental Housing Bonds (see "Incurrence of Additional Obligations Payable from Assets" in "Summary of Certain Provisions of the Current Resolution"). Any Enhancement Agreements or any Exchange 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 Rental Housing Bonds Resolution does not establish minimum rating requirements for such other parties. There are no outstanding Enhancement Agreements or Exchange Agreements under which the Authority's obligations are payable from Assets.

**Sources of Payment**

The scheduled payments of Bond Amounts, including the principal of and the interest on the Offered Bonds and any Enhancement Agreements or any Exchange 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 or any Exchange Agreement pledged as Assets, and net assets of the Authority, including net assets pledged under the Resolution. In so scheduling such payments of Bond Amounts, the Authority has assumed or expects to assume that no prepayments of principal will be received with respect to the Mortgage Loans; accordingly, scheduled payments of Bond Amounts are not expected to be dependent upon the receipt of prepayments of principal with respect to the Mortgage Loans.

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 Agreements and any Exchange Agreements pledged as Assets, (ii) receipt of income with respect to Authority Property (net of amounts to be applied to the payment of operating expenses or to be deposited into reserve or escrow funds for such Authority Property) in amounts less than expected by the Authority, (iii) Mortgage Loans, Authority Property and Investment Obligations and other Authority 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) receipt of net proceeds from the sale or other disposition of Assets in amounts less than expected by the Authority. The ability of certain Mortgagors to make principal and interest payments on their Mortgage Loans may be adversely affected by reductions (or the failure to receive adequate increases) in any federal subsidy payments with respect to their Developments financed pursuant to the Resolution and assisted by such subsidy payments (see "Adjustments of Contract Rents" and "Renewal Contracts" in "Section 8 Programs" in Appendix F), as well as by general economic and housing conditions or other factors impacting their Developments.

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. In reaching such expectation, the Authority has not considered the issuance of additional Rental Housing 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 will correspond with its estimates of available money to pay debt service on the Offered Bonds and the Currently Outstanding Bonds.

**Amendments to Resolution; Rental Housing 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 fifty percent (50%) of the Bond Obligation. Any of the foregoing amendments may adversely affect the security for the Rental Housing 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 Rental Housing Bonds prior to the maturity or redemption thereof with the intent and effect that such Rental Housing Bonds remain Outstanding, subject to any terms and conditions determined by the Authority or otherwise required by law. Any Rental Housing 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 Rental Housing Bonds.

**General Obligations of the Authority**

The Rental Housing Bonds are also general obligations of the Authority payable out of any of its revenues, moneys or assets, subject to agreements heretofore or hereafter made with owners of Authority obligations other than the Owners pledging particular revenues, moneys or assets for the payment thereof. The Authority has a long-term general obligation rating of "Aa1" from Moody's Investors Service ("Moody's") and a long-term Issuer Credit rating of "AA+" from Standard & Poor's Ratings Services ("Standard & Poor's" or "S&P"). See "Ratings." The security provided the Rental Housing 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 Single Family Programs" and "Miscellaneous Programs." See also "Summary of Revenues, Expenses, and Net Position" and "General Fund and Other Net Assets," both in "General Information About The Authority."

The general obligation of the Authority provides additional security for payment of the Rental Housing Bonds by imposing legal liability on the Authority to make payments, when due, on the Rental Housing Bonds. The ability of the

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

The Authority has no taxing power. The Rental Housing 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 Rental Housing 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 Rental Housing Bonds and therefore the Rental Housing 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 ("Commonwealth Mortgage Bonds") under the general bond resolution adopted by the Authority on July 15, 1986, as amended and supplemented to the date hereof (the "Commonwealth Mortgage Bonds Resolution"). The Authority purchases and makes new single family mortgage loans with net assets of the Commonwealth Mortgage Bonds Resolution and proceeds of Commonwealth Mortgage Bonds. The majority of such new single family mortgage loans are securitized in securities sold to third parties. The Commonwealth Mortgage Bonds Resolution authorizes the Authority to apply assets thereunder to make, purchase, finance or refinance single family mortgage loans. Upon the financing of single family mortgage loans with assets of the Commonwealth Mortgage Bonds Resolution, such mortgage loans or property are pledged by the Authority as security under the Commonwealth Mortgage Bonds Resolution. The Commonwealth Mortgage Bonds are general obligations of the Authority. See Appendix A for information on the assets and liabilities of the Commonwealth Mortgage Bonds Resolution. The Commonwealth Mortgage Bonds Resolution permits the Authority to withdraw assets from the lien and pledge of such resolution subject only to the satisfaction of a revenue test similar to the Revenue Test. Since the date of the most recent financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn $8,384,209.28 from the Commonwealth 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 Commonwealth Mortgage Bonds Resolution or that in the future the Commonwealth Mortgage Bonds Resolution will have any excess funds available for payment of principal or interest on the Rental Housing Bonds.

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

The scheduled payments of principal and interest on the Commonwealth Mortgage Bonds and the Homeownership Mortgage Bonds have been based upon the assumed receipt by the Authority of principal and interest or other payments on or with respect to the assets pledged thereto. In establishing the payments of principal and interest on the Commonwealth Mortgage Bonds and the Homeownership Mortgage Bonds, the Authority has assumed certain levels of prepayments of the single family mortgage loans, a substantial portion of which will be used to pay such principal amounts. Based upon such assumptions, the Authority believes that the principal and interest or other payments on or with respect to the respective assets pledged to the Commonwealth Mortgage Bonds and the Homeownership Mortgage 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 Commonwealth Mortgage 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) 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, (iii) 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 (iv) receipt of net proceeds from the sale or other disposition of respective assets pledged thereto in amounts less than expected by the Authority. The Authority does not necessarily receive cash upon the occurrence of terminations described in (ii) 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 Commonwealth Mortgage Bonds Resolution or the Homeownership Mortgage Bonds Resolution may be used to redeem (if then permitted by the terms of such resolution) Commonwealth Mortgage 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 Rental Housing Bonds Resolution imposes no restrictions on the Authority's ability to transfer Assets to the Authority (thereby releasing such Assets from the lien and pledge of the Resolution), nor does it impose on the Authority any requirements as to the minimum amount or type of Assets or any requirements with respect to annual income or net worth. The Rental Housing Bonds Resolution requires that certain actions, including transfer of all or any portion of any Asset to the Authority (thereby releasing such Asset or portion from the lien and pledge of the Resolution), be undertaken only upon satisfaction of the Revenue Test. See the definition of Revenue Test in "Summary of Certain Provisions of the Current Resolution." Since the date of the most recent financial statements (audited or unaudited) in Appendix A, the Authority has withdrawn $415,426.65 from the Resolution. The Authority can give no assurances that it will or will not make any future withdrawals.

## 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

"Act" means the Virginia Housing Development Authority Act, being Chapter 1.2 of Title 36 of the Virginia Code of 1950, as amended before or after the date of the Current Resolution (March 24, 1999).

"Asset" means any Mortgage Loan, Authority Property, Investment Obligation, Revenue, and, to the extent subject to the pledge or lien of the Current Resolution, any cash, Exchange Agreement or Enhancement Agreement. Funds and investments on deposit in any Payment Account and Defeasance Obligations in any Defeasance Account are not Assets.

"Authority Designations" means the one or more designations given to a Rental Housing Bond or Rental Housing Bonds as set forth in or determined pursuant to the applicable 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 owned by the Authority and either financed pursuant to the Current 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, Deputy Executive Director, Director of Finance, 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 Rental Housing 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 or an Enhancement 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.

"Bond Obligation" means, as of a specific date of calculation, the aggregate of (1) all interest due or accrued on Outstanding Rental Housing Bonds, (2) all unpaid principal on Outstanding Rental Housing 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 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 Rental Housing Bond is closed.

"Capital Appreciation Bond" means a Rental Housing 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 Rental Housing Bond so determined in or pursuant to the applicable Written Determinations or, 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.

"Dated Date" means the date on which a Rental Housing Bond initially begins to accrue interest as set forth in or determined pursuant to the applicable 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 Rental Housing 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 Rental Housing 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, to a date specified in such applicable 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.

"Deputy Executive Director" means the Deputy Executive Director of the Authority.

"Development" means (i) the real property and improvements thereon subject to the lien of a Mortgage, (ii) the real property and improvements thereon owned by a cooperative housing association the ownership shares in which are subject to the lien of a Mortgage, (iii) real property and improvements thereon the leasehold interest in which is subject to the lien of a Mortgage, or (iv) Authority Property.

"Director of Finance" means the Director of Finance of the Authority.

"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 Rental Housing 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 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 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 Rental Housing Bond or Asset.

"External Trustee" means a Trustee other than 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, on which interest is due and payable with respect to a Rental Housing Bond.

"Investment Obligation" means any of the following acquired or pledged pursuant to the Current Resolution, except to the extent limited by any amendments to the Act enacted after the date of the Current Resolution (March 24, 1999):

(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 Current Resolution (March 24, 1999) be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof the bonds, debentures, participation certificates or notes or other obligations (including asset backed securities) of which are unconditionally guaranteed by the United States of America or bear a Rating;

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

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

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

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

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

(K) any other investment (debt or equity), investment agreement, Exchange Agreement, 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.

"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 pursuant to the Current Resolution and the Act: (1) 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 an economically mixed development) and any non-housing buildings or portions of buildings 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. The terms "economically mixed project" and "nonhousing building" have the meanings set forth in the Act.

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

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

"Outstanding" means, when used with reference to Rental Housing Bonds and as of any particular date, all Rental Housing Bonds theretofore and thereupon being issued except (1) any Rental Housing 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 Rental Housing Bond in lieu of or in substitution for which another Rental Housing Bond or Bonds shall have been delivered. If an Officer's Certificate shall have been delivered with respect to a Rental Housing Bond that the Authority is the Owner thereof stating the Authority's intent that such Rental Housing 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 Rental Housing 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.

"Purchase Price" means the purchase price, including accrued interest, of a Rental Housing Bond on a Tender Date as set forth in or determined pursuant to the applicable 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 Rental Housing 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 Rental Housing 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.

"Revenues" means all net proceeds from the sale or other disposition of any Rental Housing 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 or an Exchange Agreement payable from Assets.

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

"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.

"Supplemental Bond Resolution" means any resolution of the Authority amending or supplementing the Current Resolution adopted and becoming effective in accordance with the terms of the Current Resolution on or after the effective date of the Current Bond Resolution (March 24, 1999).

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

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

"Tender Date" means any date on which a Rental Housing 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.

"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 Rental Housing Bonds designated therein and may thereafter be amended as provided in 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 Rental Housing Bonds, any Enhancement Agreement and any Exchange Agreement with respect to which such funds and investments and Defeasance Obligations are so deposited.

**Authorization**

The Current Resolution authorizes the issuance of Rental Housing 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 Rental Housing Bonds issued pursuant thereto: (1) the maximum principal amount of Rental Housing 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 Rental Housing Bonds; (3) the minimum purchase price for the Rental Housing 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.

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. If funds and investments remain in a Payment Account subsequent to the payment of all the applicable Bond Amounts, such funds and investments shall be transferred to the Authority free of any lien or pledge of the Current Resolution.

**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 Rental Housing Bonds, to make payments to any party to comply with the Tax Covenant, to purchase any Rental Housing 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 Current Resolution, or (ii) subject to satisfaction of the Revenue Test, 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. For purposes of the Current Resolution, a sale to or exchange with the Authority includes any transaction in which cash or assets of the Authority not included in the Assets are used to pay the sales price of or are exchanged for the 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.

**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 Rental Housing Bonds and any Assets derived therefrom, or any future execution of Exchange Agreements or Enhancement 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 Rental Housing Bonds and the execution of Exchange Agreements and Enhancement Agreements payable from Assets. The Rental Housing Bonds and any Exchange Agreement or Enhancement Agreement 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 default and 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, the pledge of Assets, and Assets held in trust (vi) the provisions of the Current Resolution which set forth those provisions permitting amendments effective upon filing 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 Rental Housing Bonds or the execution of Exchange Agreements or Enhancement 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 Rental Housing Bonds or Exchange Agreements or Enhancement 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 Rental Housing Bond issued prior to the adoption of such Resolution remains Outstanding and no Exchange Agreement or Enhancement Agreement in existence prior to the adoption of such Resolution remains payable from Assets, or (2) with consent of the Owners of at least fifty percent (50%) 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 Trustee. If, however, such Resolution will, by its terms, not take effect so long as certain Rental Housing Bonds shall remain Outstanding or shall not affect certain Owners, the consent of such Owners shall not be required or recognized, and such Rental Housing Bonds shall not be deemed to be Outstanding for the purpose of any calculation of the Bond Obligation described in this paragraph. 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 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 Rental Housing 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 Rental Housing Bond shall no longer have a lien on, or the benefit of a pledge of, the Assets, and such Rental Housing Bond shall no longer be deemed Outstanding under the Current Resolution. If the foregoing requirements shall have been satisfied with respect to all Outstanding Rental Housing Bonds and no Enhancement Agreement or Exchange 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 Rental Housing 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 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 Rental Housing 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 ten percent (10%) 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 Rental Housing 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 Rental Housing Bonds may appoint a trustee to represent the Owners of such issue of Rental Housing Bonds, and such trustee may, and upon written request of the Owners of

25% in aggregate principal amount of such issue of Rental Housing Bonds shall, in its name declare all such issue of Rental Housing 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 twenty-five percent (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 twenty-five percent (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 in this paragraph provided, 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 Rental Housing 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 Rental Housing Bond shall be registered upon the Registration Books on an applicable Record Date as the absolute Owner of such Rental Housing Bond, whether such Rental Housing 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 Rental Housing 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 Rental Housing 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 to be applicable.

## TAX MATTERS

**Federal Taxes**

*Offered Bonds*

Interest on the Offered 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 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 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 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 with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Offered 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.

Disposition and Defeasance. Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of an Offered 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 Bond. The Authority may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Offered 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 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 Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Offered 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 (the "IRS").

U.S. Owners. The term "U.S. Holder" means a beneficial owner of an Offered 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 Bonds under state law or otherwise prevent beneficial owners of the Offered Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Offered Bonds.

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

## CONTINUING DISCLOSURE

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

The specific nature of the information to be contained in the Annual Financial Information or the required event notices and other terms of the Continuing Disclosure Agreement are summarized in Appendix H. These covenants have been made in order to assist the 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 Rental Housing Bonds Resolution.

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

The Authority periodically compiles certain information on its bond and mortgage loan programs which is available on its website, www.vhda.com. 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

Certain legal matters relating to the authorization and validity of the Offered 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 I. 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 Opinion will 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 Underwriters by Kutak Rock LLP, Washington, D.C., counsel to the Underwriters. Certain legal matters will be passed on for the Authority by its Chief Counsel, Paul M. Brennan.

## UNDERWRITING

The Offered Bonds are being purchased by the underwriter or underwriters listed on the front cover of this Official Statement as delivered in its final form (the "Underwriters").

The Underwriters have agreed, pursuant to certain terms and conditions with respect to the Offered Bonds, to purchase at the prices set forth on the front cover hereof all of the Offered Bonds if any are purchased. In connection with said purchase and underwriting, the Underwriters are to receive a fee of $1,229,221.74.

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

The 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 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 Part III – General Information about the Authority, General Fund and Other Net Assets.)

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, 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 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.

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 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Offered Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Offered Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Offered Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

## RATINGS

As noted on the front cover, the Offered Bonds received long-term ratings of "Aa1" from Moody's and "AA+" from Standard & Poor's. It is a condition to the Underwriters' obligation to purchase the Offered 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.

## 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 issuance and delivery of any of the Offered Bonds, (ii) to in any material way restrain or enjoin the collection and application of Assets pledged pursuant to the Rental Housing Bonds Resolution, (iii) in any way contesting or affecting any authority for the issuance or validity of the Offered Bonds or the validity of the Rental Housing Bonds Resolution, (iv) in any material way contesting the existence or powers of the Authority, or (v) in any material way contesting or affecting the Assets pledged for the payment of the Offered Bonds.

## LEGAL INVESTMENT

The Act provides, in part, that the Authority's bonds (which would include Rental Housing Bonds) are legal investments in which all public officers and public bodies of the Commonwealth and its political subdivisions, all municipalities and municipal subdivisions in 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 in the Commonwealth 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 in 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, 2019 and for the year then ended have been examined by KPMG LLP, independent certified public accountants, to the extent set forth in their report, without further review to the date hereof. KPMG LLP, the Authority's independent auditor, has not been engaged to perform and has not performed, since the date of its reports included herein, any procedures on the financial statements addressed in those reports. KPMG LLP also has not

performed any procedures relating to this Official Statement. Also included in Appendix A are the unaudited financial statements of the Authority as of March 31, 2020, and for the nine month period then ended.

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

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

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## PART II – SUMMARY OF PROGRAMS

## THE SINGLE FAMILY PROGRAM

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

### General Description of the Single Family Program

Under its current single family program, the Authority purchases and makes single family mortgage loans from net assets of the Commonwealth Mortgage Bonds Resolution, net assets of the General Fund, proceeds from the issuance of Government National Mortgage Association ("Ginnie Mae") securities, proceeds from securitizing through Federal National Mortgage Association ("Fannie Mae"), and proceeds from the issuance of Commonwealth Mortgage Bonds, for financing and/or refinancing (including the refinancing of any existing single family mortgage loan and any equity in the single family residential housing in excess of any such existing single family mortgage loan) the ownership or rehabilitation, or ownership and rehabilitation, of owner-occupied single family residential housing, including condominium units, intended for occupancy by persons and households of low and moderate income, all as described herein. In addition, the Authority currently refinances single family mortgage loans as discussed in "Fannie Mae Financing" and "FHA and VA Streamline Refinance Programs" below. This single family program at any time may be modified, changed or waived by the Authority, in whole or in part, and with respect to any particular single family mortgage loan. The Authority services all of the loans it purchases and makes which means the Authority is responsible for complying with all applicable laws and regulations, the requirements of the mortgage insurer, if any, and the requirements of Fannie Mae 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 1,500 single family mortgage loans owned by certain Habitat for Humanity chapters located in Virginia. This is a service the Authority provides to support homeownership for very low income Virginians. The Authority has also serviced loans for other political subdivisions in Virginia and currently services less than 15 such loans, but the Authority may decide to again offer that service in the future.

### 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.

| Type of Single Family Mortgage Loan | Description |
|---|---|
| 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. |
| 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 by a federal government entity or private mortgage insurance company. |
| Self-Insured Mortgage Loan | A single family mortgage loan which is not insured by a federal government entity or private mortgage insurance company. All Second Mortgage Loans are Self-Insured Mortgage Loans. |

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

### First Mortgage Loans

The Authority finances First Mortgage Loans in amounts not to exceed (i) 97% of the lesser of the single family home's sales price or appraised value or (ii) in the case of single family mortgage loans insured by the Federal Housing Administration ("FHA"), Veterans Administration or Department of Veterans' Affairs ("VA") or United States Department of Agriculture Rural

Development ("RD"), such amounts (which may exceed 100% of the sales price or appraised value for VA or RD loans) as are permitted by FHA, VA or RD. First Mortgage Loans have original terms of approximately 30 years and bear interest at fixed rates, unless they are modified after they are made as described below in "Loan Modifications." See "FHA and VA Streamline Refinance Programs" below for a discussion of FHA insured and VA guaranteed First Mortgage Loans that may be financed by the Authority in amounts in excess of the above described limits.

**Second Mortgage Loans**

The Authority finances Second Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund in conjunction with Authority financed conventional loans, including Fannie Mae Mortgage Loans, and First Mortgage Loans to be insured by FHA. 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.

**Mortgage Loan Insurance**

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

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

The federal Homeowners Protection Act of 1998 (the "1998 Act") permits a borrower to cancel private mortgage insurance (for which the borrower pays the premium) on the date on which the principal balance of the single family mortgage loan is scheduled to reach 80% of the original value of the residence or on the date on which the principal balance actually reaches 80% of the original value of the residence. The original value is the lesser of the sales price or the appraised value at the time the single family mortgage loan transaction was consummated. In order to effect such cancellation, the borrower must request in writing that the cancellation be initiated, must have a good payment history with respect to the mortgage loan (i.e., no mortgage payment was, during the year beginning two years prior to cancellation, 60 or more days delinquent, and no mortgage payment was, during the year beginning one year prior to cancellation, 30 or more days delinquent), and must satisfy any requirements of the lender for evidence that the value of the residence has not declined below its original value and for certification that the borrower's equity in the residence is not encumbered by a subordinate loan. The 1998 Act further provides for automatic termination of private mortgage insurance on the date on which the principal balance of the single family mortgage loan is scheduled to reach 78% of the original value of the residence, or if the borrower is not then current on his mortgage loan payments, on the date on which the borrower subsequently becomes current on such payments. These termination and cancellation provisions do not apply to single family mortgage loans characterized as high risk loans. Even if the private mortgage insurance is not canceled or terminated as described above, private mortgage insurance must be terminated on the first day of the month immediately following the date that is the midpoint of the amortization period of the mortgage loan if the mortgagor is then current on his mortgage loan payments. The 1998 Act also requires that borrowers be provided with certain disclosures and notices regarding termination and cancellation of private mortgage insurance. The 1998 Act applies to single family mortgage loans closed on or after July 29, 1999. The Authority provides the same right to borrowers whose single family mortgage loans closed prior to such effective date. The Authority has also previously provided the same rights to borrowers of FHA-insured mortgage loans, however, in the case of new mortgage loans assigned an FHA case number on or after June 3, 2013, the mortgage insurance premium for FHA mortgage insurance must continue to be collected until the earlier of the end of the mortgage term or (i) 11 years in the case of a mortgage loan having an original loan-to-value ratio not greater than 90%, or (ii) 30 years in the case of a mortgage loan having an original loan-to-value ratio of greater than 90%, and as a result, the Authority will not be permitting the cancellation of FHA mortgage insurance prior to the termination of the applicable period for collection of the premium. The Authority also permits the cancellation of mortgage insurance if the balance of the single family mortgage loans (other than FHA-insured mortgage loans described in the preceding sentence) is equal to or less than 80%, or such lesser percentage determined by the Authority, of the current property value, subject to the satisfaction of such criteria, requirements and conditions as the Authority may impose for such cancellation.

**Financing of Single Family Mortgage Loans**

The Authority finances First Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund, the proceeds of Commonwealth Mortgage Bonds, the issuance of Ginnie Mae securities for which the Authority will guarantee certain payments as hereinafter described (see "Ginnie Mae Financing" below) or by securitizing them through Fannie Mae for which the Authority may have to advance payments for loans in forbearance as long as they are in forbearance and for certain of which the Authority will have certain repurchase obligations as hereinafter described (see "Fannie Mae Financing" below). The Authority also finances Second Mortgage Loans with net assets of the Commonwealth Mortgage Bonds Resolution or of the General Fund. The mortgage loans securitized through Ginnie Mae securities held under the Commonwealth Mortgage Bonds Resolution and the mortgage loans financed in whole or in part with net assets of the

Commonwealth Mortgage Bonds Resolution or the proceeds of Commonwealth Mortgage Bonds are referred to herein as the "Commonwealth Bonds Mortgage Loans".

**Ginnie Mae Financing**

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

Each Ginnie Mae security represents an undivided ownership interest in a pool of single family mortgage loans. The Authority does not show the single family mortgage loans represented by Ginnie Mae securities as assets in its financial statements. The Authority services all Ginnie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority. Under Ginnie Mae's current policy, the Authority must continue making such payments for Ginnie Mae Mortgage Loans that are in forbearance pursuant to the federal Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") but, unlike when the borrowers are in default, the Authority is not required to repurchase and remove such loans from their respective Ginnie Mae securities. See "Servicing of Single Family Mortgage Loans" below for more information on the CARES Act and for a discussion of certain problems the Authority could face if too many loans go into forbearance for too long. The Authority can give no assurance Ginnie Mae's current policy will not change.

For certain aggregate information concerning single family mortgage loans securitized by the issuance of Ginnie Mae securities, including forbearance agreements, delinquent payments and foreclosures, see "Data on Ginnie Mae Mortgage Loans" in Appendix B.

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

**Fannie Mae Financing**

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

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

Pursuant to the Fannie Mae Agreements, the Authority securitizes Fannie Mae Mortgage Loans through Fannie Mae's Mortgage Backed Securities ("MBS") program. Once securitized through Fannie Mae, the Fannie Mae Mortgage Loans are not assets of the Authority. Fannie Mae Mortgage Loans are securitized through Fannie Mae under either its HFA Preferred Risk Sharing program ("Fannie Mae HFA Preferred Risk Share Mortgage Loans") or its HFA Preferred program ("Fannie Mae HFA Preferred Mortgage Loans"). Under the Fannie Mae HFA Preferred Risk Sharing program, the sale or securitization of a Fannie Mae Mortgage Loan is subject to a repurchase agreement in the event the mortgage loan becomes delinquent within certain parameters (generally four full months delinquent during the repurchase obligation period, which may be different for each Fannie Mae Agreement under the Fannie Mae HFA Preferred Risk Sharing program (the "Repurchase Obligation Period") unless a default exists at the end of the applicable Repurchase Obligation Period in which case it is extended until the loan is no longer delinquent and has been current for six consecutive months). The Fannie Mae Agreements for the Fannie Mae HFA Preferred Risk Share Mortgage Loans now all have Repurchase Obligation Periods of 60-61 months. The Fannie Mae HFA Preferred Mortgage Loans do not have Repurchase Obligation Periods. Under certain circumstances Fannie Mae may require the Authority to repurchase certain Fannie Mae HFA Preferred Risk Share Mortgage Loans and Fannie Mae HFA Preferred Mortgage Loans if the Authority is in breach of any covenant, representation, or warranty by the Authority with respect to such loans. The Authority retains the servicing rights and services all Fannie Mae Mortgage Loans, including those in securities sold to third parties, and pays the amount calculated to be due for each security regardless of when or if any particular borrower has made the loan payment to the Authority. Under Fannie Mae's current policy, the Authority must treat Fannie Mae Mortgage Loans that are in forbearance pursuant to the CARES Act the same way it treats Fannie Mae Mortgage Loans that are in default, which means (a) for Fannie Mae Mortgage Loans still in a Repurchase Obligation Period the Authority must repurchase and remove such loans from their respective Fannie Mae securities if the borrower fails to pay four consecutive months, however Fannie Mae has indicated it may let the Authority extend the Repurchase Obligation Period in exchange for being allowed to continue advancing monthly payments of principal and interest for such loans rather than repurchasing them, and (b) for Fannie Mae 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 has indicated it may limit the Authority's obligation to make such payment to four months, but for both scenario (a) and scenario (b) the Authority can give no assurances as to what Fannie Mae's program may look like or if it will happen.

The Fannie Mae Agreements permit the Authority to apply income limits that do not exceed the income limits applicable to single family mortgage loans financed by Tax-Exempt Bonds. The Fannie Mae Agreements previously required that certain housing goals for low and moderate income households be met but, starting with applications dated September 5, 2019 or after, whenever the borrower exceeds 80% of the area median income, Fannie Mae applies loan level price adjustments if it is a Fannie Mae HFA Preferred Mortgage Loan and Fannie Mae will not purchase the loan if it is a Fannie Mae HFA Preferred Risk Share Mortgage Loan. The Authority limits the principal amount of the Fannie Mae Mortgage Loans to the maximum loan amount permitted by Fannie Mae but does not apply any maximum sales prices.

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

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

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

**Freddie Mac Financing**

The Authority plans to finish on-boarding with the Federal Home Loan Mortgage Corporation ("Freddie Mac") so that it can, if acceptable terms can be reached, participate in Freddie Mac's securitization program as early as the third quarter of 2020, but the Authority can give no assurance whether or not it will commence doing such business with Freddie Mac and, if so, when.

**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 insured 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"). The Authority has financed and expects to continue to finance FHA Streamline Refinance Loans and VA Streamline Refinance Loans primarily by securitizations through Ginnie Mae. The FHA Streamline Refinance Loans and the VA Streamline Refinance Loans are all pledged under the Commonwealth Mortgage Bonds Resolution and their outstanding principal balances, combined, are less than 1% of the loans in the Commonwealth Mortgage Bonds Resolution.

**RD Single Close Construction Loan Pilot**

The Authority has started a single closing construction pilot program for RD insured Direct Origination Loans for the purchase and installation of manufactured housing and modular housing. Under this pilot program, the Authority will fully disburse the loan at closing into an escrow account it controls and the borrower is obligated to start making the mortgage payments without delay. The burden on the borrower to pay the mortgage during construction is made easier by a grant from the Authority of up to $25,000. The Authority administers the construction disbursements with assistance from a vendor that provides inspections of construction progress and related services. The Authority expects to make less than 25 of such loans per year, and it anticipates delivering each of them to Ginnie Mae after the final construction disbursement is made.

**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 the Commonwealth in which the Authority desires to increase lending activity under its single family program. In the case of Direct Origination Loans, the Authority processes and originates the single family mortgage loans and retains all fees which would otherwise be available to Originating Lenders with respect to such mortgage loans. Direct Origination Loans are committed and closed in the name of the Authority and funded by the Authority at loan closing upon compliance with all terms and conditions of the Authority's mortgage loan approval.

Under the origination system, a prospective mortgagor submits a single family mortgage loan application to an Originating Lender or the Authority. In the case of a single family mortgage loan to finance the purchase of a residence, the application is submitted after the prospective mortgagor has contracted for the purchase of the residence. If a preliminary review indicates that the prospective mortgagor and single family mortgage loan will qualify under the Authority's underwriting criteria and 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 (except in the case of Fannie Mae Mortgage Loans, FHA Streamline Refinance Loans, and VA Streamline Refinance Loans) and maximum annual gross income limits which vary depending principally upon location within the Commonwealth. The Authority sets such income and sales price limits to conform the Authority's single family program to the Authority's mission and, to encourage the use of the Authority's Mortgage Credit Certificate programs, all of the Authority's current maximum sales price limits and maximum annual gross income limits comply with the limits currently established by the Internal Revenue Service pursuant to the Code for Mortgage Credit Certificates. The maximum sales price limits so established by the Internal Revenue Service are currently calculated based on the maximum principal amounts of mortgage loans that FHA will insure. For the Fannie Mae Mortgage Loans, the Authority applies the above described maximum income limits and limits the principal amount of such loans to the maximum loan amount permitted by Fannie Mae but does not apply any maximum sales prices.

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

The Authority has delegated to certain of its Originating Lenders the loan underwriting functions described below. Loans underwritten by the Originating Lenders pursuant to such delegation are referred to herein as "Delegated Loans." Between 80% and 90% of the single family loans being originated are Delegated Loans. In the case of Delegated Loans, the Authority will, subsequent to the closing of the single family mortgage loans, review the loan applications and documentation and determine compliance of the mortgage loans with the Code 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, VA or RD, the application and documentation are reviewed for compliance with the credit and property standards of FHA, VA or RD; 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 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.

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

The Authority's single family mortgage loans are assumable only if permitted by the Authority. An exception is provided for loans (such as mortgage loans insured by FHA and VA) that are assumable in accordance with insurer 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.

The Authority does not receive monthly payments from borrowers with regard to single family mortgage loans in a forbearance agreement pursuant to the CARES Act ("Non-Paying Forbearance Status Loans") but those loans are not considered to be in default and so the procedures for recovering from mortgage insurers and guarantors described above is not triggered. Most of the single family mortgage loans the Authority services are securitized through Ginnie Mae, Fannie Mae or the Authority's own mortgage backed securities issued under its Commonwealth Mortgage Bonds resolution. The size of the loan portfolio serviced by the Authority that is so securitized is shown in Appendix B, below. The CARES Act gives borrowers with certain loans as described in the following paragraph the right to request forbearance for up to 360 days under certain circumstances. For Non-Paying Forbearance Status Loans, the Authority could be required to advance from its own resources the monthly principal and interest payments due to holders of Ginnie Mae securities, Fannie Mae, or the holders of the Authority's Commonwealth Mortgage Bonds mortgage backed securities for a significant period of time, without having the ability during such period to either repurchase such Non-Paying Forbearance Status Loan or, if it is a Fannie Mae Mortgage Loan not in a Repurchase Obligation Period, have Fannie Mae repurchase such Non-Paying Forbearance Status Loan, pursue foreclosure or deed in lieu of foreclosure and seek recovery from any such insurer or guarantor. The number of borrowers who ask for forbearance is expected to increase in the near future given the number of job losses in Virginia resulting from the recent significant decline in economic activity in Virginia as a result of quarantine policies put in place in response to the COVID-19 pandemic. If the Authority does not anticipate having sufficient funds to meet the Authority's anticipated obligations to Ginnie Mae, Fannie Mae, or the holders of the Authority's Commonwealth Mortgage Bonds mortgage backed securities, the Authority may seek funds by borrowing from Ginnie Mae, by taking advances pursuant to the Bank of America Agreement, or from issuing bonds. No assurance can be given that the Authority will not at some point have insufficient funds to make payments due to Ginnie Mae, Fannie Mae, or the holders of the Authority's Commonwealth Mortgage Bonds mortgage backed securities, with respect to Non-Paying Forbearance Status Loans.

See "Business Disruption Risk; COVID-19" in "Part III – General Information About the Authority" for a description of the CARES Act. The CARES Act is and will continue to have a material impact on the Authority's servicing of single family mortgage loans because it gives borrowers with single family mortgage loans that are insured by FHA, guaranteed by VA, HUD or Rural Development, or purchased or securitized through Fannie Mae or Freddie Mac, which describes the majority of single family mortgage loans serviced by the Authority, the right to request forbearance for up to 360 days under certain circumstances. See also Appendix B for certain aggregate information about such forbearance agreements in the Authority's single family mortgage loan portfolio.

**Loan Modifications**

In the case of delinquencies of single family mortgage loans insured by FHA, VA or RD or by any private insurance companies, the Authority modifies the terms of such mortgage loans in accordance with the requirements of the mortgage insurer or guarantor. Such modifications may include the deferral of monthly payments of principal and interest, the extension of the maturity dates and re-amortization of the outstanding principal balances of the mortgage loans, reducing the interest rates to current market rates, and, in the case of FHA insured mortgage loans, the payment by FHA of partial insurance claims. In the case of delinquencies of Self-Insured Mortgage Loans, the Authority modifies the terms of the Self-Insured Mortgage

Loans generally in accordance with the guidelines applicable to FHA insured mortgage loans (other than the guidelines for partial insurance claims) and, in certain cases, may reduce the interest rate for all or part of the remaining term of the Self-Insured Mortgage Loan to mitigate any potential losses. Any modification of Fannie Mae Mortgage Loans must be made by the Authority in accordance with Fannie Mae requirements.

FHA requires lenders holding FHA insured mortgage loans in default to modify such mortgage loans by reducing the interest rates to current market rates and by extending the term to a full 30 years from the date of loan modification. The Authority has received a letter from FHA waiving such requirement with respect to FHA insured mortgage loans financed by bonds. No assurance can be given as to whether FHA will continue such waiver or, if not continued, what the impact will be on the Authority of such discontinuance. Notwithstanding such waiver, the Authority has entered into, and expects to continue to enter into, such modifications of such mortgage loans in its discretion.

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

**Declining Markets; Risk of Loss**

The Authority finances single family residences throughout Virginia and while home prices in some parts of the state have returned to the levels that preceded the economic recession that began in 2008 and 2009, there are several areas where home prices are not increasing or are increasing very slowly which has resulted and may continue to result in additional 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. Home prices could suffer significant declines during an economic recession and efforts to limit the spread of COVID-19 have resulted in significant declines in economic activity in the United States where the federal government reported a massive increase in unemployment beginning in March and continuing into April and May of 2020 and a large drop in the nation's gross domestic product in the first quarter of 2020. However, because this economic downturn is primarily caused by laws and orders issued by governments it is highly unusual and therefore its duration and effects are expected to be more difficult to predict than past economic downturns and recessions. 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 a 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 insured by VA, RD or 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 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 loan loss on its portfolio of single family mortgage loans in order to determine the amount to be included in the calculation of the Authority's allowance for loan loss (the "Authority's Allowance for Loan Loss") for anticipated losses on single family mortgage loans (or unsecured notes related to the disposition of such loans) under the single family program of the Authority. As of March 31, 2020, such amount was calculated as follows:

| Type of Single Family Mortgage Loans or Notes | Amount Included in Allowance for Loan Loss (in millions) | Amount Included, as a Percentage of Principal Balance of Such Mortgage Loans |
|---|---|---|
| Self-Insured (including insignificant amount with private mortgage insurance) | $35.9 | 3.8% |
| Insured by agencies of the federal government (e.g., FHA, VA and RD) including those securitized through Ginnie Mae | 28.2 | 0.5 |
| Securitized through Fannie Mae | 22.7 | 0.9 |
| Second Lien Loans | 13.5 | 9.4 |
| | $100.3 | 1.1% |

The Authority's total Allowance for Loan Loss which includes such total amount above and amounts for possible losses on multi-family mortgage loans financed by the Authority was $155 million, rounded to the nearest million.

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

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

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

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

**Data on Single Family Mortgage Loans**

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

**Future Funding of the Single Family Program**

The Authority currently finances and expects to continue to finance the majority of its single family mortgage loans through the issuance of Commonwealth Mortgage Bonds and Ginnie Mae securities and securitizing through Fannie Mae. The Authority may begin securitizing through Freddie Mac.

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

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

The Authority has implemented a grant program available to certain borrowers obtaining mortgage loans that will be insured by VA or RD. The grant is up to 2% of the lesser of the sales price or the appraised value of the single family home and it can only be used to pay closing costs, discount points, pre-paid items and the upfront guarantee fee for RD loans or the funding fee for VA loans. Loans insured 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.

The Authority has a program for the issuance of Mortgage Credit Certificates ("MCCs") authorized by the Code. As required by the Code, such MCCs use a portion of the Authority's Tax-Exempt Bond issuance allocation. MCCs provide

recipients with a credit against federal income tax liability for a portion of their home mortgage interest and are available to individuals meeting eligibility requirements similar to those for mortgage loans financed by Tax-Exempt Bonds, whether or not their loan was financed by the Authority. The Authority expects to encourage lender participation in the MCC program in a variety of ways including, but not limited to, a limited time program during which the Authority will pay Originating Lenders a premium of 0.2% of the loan principal on top of the regular purchase price for loans with MCCs.

## THE MULTI-FAMILY PROGRAM

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

New mortgage loans to be originated under the Authority's multi-family program are expected to be financed primarily with the proceeds of Rental Housing Bonds and net assets pledged to the Rental Housing Bonds Resolution and pursuant to the program described below. The Authority also expects to utilize other moneys of the Authority to finance other mortgage loans under its multi-family program as set forth in "General Fund and Other Net Assets" in "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 has been designated as a "qualified HFA" under the Risk-Sharing Act 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 financed 8 mortgage loans with such FFB financing before it became no longer available. 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 the multi-family mortgage loans hereafter financed by the Authority will be secured by first liens; however, the Authority may, in its discretion, finance mortgage loans secured by liens that are not first liens and cannot, therefore, provide any assurance that such mortgage loans will always be secured by first liens. It is the policy of the Authority that the security for the multifamily mortgage loans be a full fee simple ownership interest; however, under the Act the Authority may finance a leasehold estate if the term of the lease is at least twice the term of the multi-family mortgage loan. The Authority has financed, and may in the future finance, multi-family mortgage loans secured by leasehold estates of the land and/or the development if the landlord is unwilling or unable to convey its interest as security for the multi-family mortgage loan. In addition, the Authority has financed and expects to continue to finance some multi-family mortgage loans which are subject to maximum tenant income limits imposed by the jurisdiction in which the development is located. The Authority considers such maximum tenant income limits during its underwriting of the loan. When asked by the jurisdiction, the Authority will consider allowing certain maximum tenant income limits imposed by the jurisdiction to remain in place even after the Authority forecloses on its first lien, generally when the maximum tenant income limits that so survive such foreclosure are (a) not more 20% at 60% area median income or (b) more than 20% at 60% area median income when VHDA determines, in its sole discretion, that such limits will still allow for a debt service ratio coverage of at least 1.25.

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 Non-AMT 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 gives the Authority an irrevocable letter of credit for the full amount of such short-term bonds, but the Authority also is willing to accommodate this request if the developer can meet the following standards: (a) the proceeds of

the short-term bonds are only to be used to meet the federal low income housing tax credit program's 50% test, (b) the developer must give the Authority an irrevocable letter of credit for at least 30% of the amount of such short-term bonds, and (c) 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.

**Federal Programs and Requirements**

Neither the Act nor the Rental Housing Bonds Resolution requires that multi-family mortgage loans be insured 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 expects to 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 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 or are scheduled to expire on or about the maturity dates of their original mortgage loans, the latest of which is in 2022. 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 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 they were 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. If the mortgagor enters into such new Payments 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 the new Payments 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 new Payments 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 new Payments 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 Interest Reduction Payments 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 Interest Reduction Payments Program have been paid in full. The Authority currently has financing on one multi-family development assisted under the Section 236 Program Interest Reduction Payments Program. The Authority may, however, finance additional such developments in the future.

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 VHDA, no assurance can be given as to whether subsidy funding for multi-family developments assisted by RHS will continue, in whole or in part, in future fiscal years or as to the impact on the Authority of any subsidy reductions or terminations, including possible defaults and foreclosures of the Authority's multi-family mortgage loans on such multi-family developments.

The Authority has financed and may in the future finance developments that are in HUD's Rental Assistance Demonstration Program (the "RAD Program"). Under the RAD Program, certain restrictive covenants which restrict the property's uses and tenant incomes, and therefore which negatively affect the property's market value, are superior to the lien of the deed of trust securing the Authority's loan so that those restrictive covenants survive foreclosure. The RAD Program provides subsidies to developments which are subject to annual appropriations from the federal government. When the Authority finances a development in the RAD Program it could end up with a loan secured by a lien on a development that receives no federal subsidies and is subject to restrictive covenants limiting the property's uses and tenant incomes which would increase the Authority's risk of loss with regard to that loan. The Authority's policy for lending to developments in the RAD Program is a risk analysis and public policy evaluation on a case by case basis. See "General Fund and Other Net Assets" below 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 percent of the units in each multi-family development financed by such bonds (15 percent 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 (a) the date which is 10 years after occupancy of 50% of the units in the multi-family development, (b) 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 (c) the date upon which any Section 8 assistance for the multi-family development terminates.

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

**Authority Income Limits**

The Authority has established income limits for the admission of families and persons to Authority financed multi-family developments. Under the Authority's current rules and regulations (which are subject to change), the adjusted family income as defined by the Authority for admission to a rental unit in a multi-family development may not exceed 150% of the area median gross income, except as described below regarding economically mixed multi-family developments. In addition, the Authority's rules and regulations authorize the establishment of lower income limits with respect to particular mortgage loans or categories of mortgage loans. When the Authority imposes income limits on multi-family developments in connection with its financing or subsidizing of such developments the limits are designed to promote the Authority's mission and, when applicable, to satisfy the requirements of federal or other non-Authority programs, including requirements imposed by the Code. Such income limits may increase the risk that the borrower will not earn enough in rents to service the loan and maintain the collateral for the loan, but the Authority attempts to limit such risks when it underwrites the loans. The Authority's current income limits policy is as follows: (a) 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; (b) 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; (c) 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 (d) 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. See Appendix F for income limitations under certain federal programs.

**Economically Mixed Multi-Family Developments**

The Authority has financed and expects to finance in the future, economically mixed multi-family developments in which a portion of the units (not to exceed 80%) will not be subject to the Authority's income limits. The Authority is also authorized to finance in such multi-family developments non-housing buildings or portions thereof for manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings. The Authority has set the minimum set-aside for such economically mixed multi-family developments not financed by Tax-Exempt Bonds as 20% of the units of the applicable development must target households earning income of 80% or less of area median income, as determined by the Authority. All such developments which are 15,000 square feet or larger and which have non-housing buildings or portions thereof must have at least 60% of their income derived from their residential portion. The Authority has offered different options in the past and may modify, eliminate or replace the options described above in the future.

**Underwriting**

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

Executive Officer notifies the Board of the proposed mortgage loan and, absent any objection by the Board, approves the mortgage loan, subject to satisfactory completion of the underwriting as described below.

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

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

The Development Officer reviews the financial statements of both the sponsor and the general contractor and may also obtain independent credit reports on both. All individuals who are principals in the proposed mortgagor must also submit personal financial statements for review.

During its feasibility review, the Authority must determine that, based on the actual or projected interest rate and amortization schedule on the mortgage loan and an operating expense budget, the mortgage loan amount will not result in rents which adversely affect feasibility. Construction costs are reviewed and analyzed by the Authority's staff to determine whether such costs are reasonable based on costs of similar developments. An appraisal of the land is obtained from an independent real estate appraiser. For the purpose of analyzing the feasibility of the multi-family development, the Authority's underwriting policies 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 35 years, and (iii) the debt service coverage, which is calculated as the net operating income (i.e., the rental income less operating expenses) divided by the debt service on the mortgage loan, may not be less than 110%; however, the foregoing policies may be waived or modified by the Authority at any time. If upon completion of these analyses the Chief Executive Officer approves the multi-family development, a commitment for a mortgage loan is issued with any terms or conditions specified by the Chief Executive Officer.

**Commitment and Initial Closing**

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

**Construction**

The Authority has established various requirements intended, in particular, to assure timely completion of construction and to provide funds in the event difficulties are encountered during construction. Among these requirements, which may be waived by the Authority, are the following:

- A holdback equal to 10% of construction disbursements through 50% completion which is disbursed when the loan converts to permanent financing;

- Unconditional, irrevocable letters of credit (generally 7.5-12.5% of construction costs) to secure completion of construction; and

- Letters of credit to secure correction of latent construction defects (generally 2.5% of construction costs).

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

the total required equity paid in at loan closing from a disbursement from the low income housing tax credit investor, as either a bridge loan or cash investment, net of any developer fee payment or other cost not included in the Authority's loan to cost calculation; 50% of all required equity disbursed on or before 50% construction completion; and 100% of all required equity disbursed by the end of construction.

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

**Final Closing and Certifications**

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

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

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

**Permanent Financing**

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

**Regulation and Management**

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

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

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

replacements account for payment of the cost of major replacement items. Disbursements are to be made in accordance with the Authority's determinations as to what is in the best interest of the multi-family development.

An escrow account for the payment of real estate taxes and hazard insurance premiums is maintained by the Authority for each multi-family development after final closing and is funded by monthly payments by the mortgagor of 1/12 of the estimated annual real estate tax assessments and hazard insurance premiums. The Authority pays real estate taxes and hazard insurance premiums for each multi-family development out of the sums available for each multi-family development from the mortgagor's deposits. The mortgagor is required to contribute additional funds in the event of a deficiency in the escrow account.

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

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

As of March 31, 2020, all bond financed multi-family mortgage loans in the Authority's multi-family program were current in their payments, except mortgage loans for five developments having an aggregate outstanding principal balance of $2 million, rounded to the nearest million. As of March 31, 2020, the Authority owned, as a result of foreclosure or deed in lieu of foreclosure, one development financed, in whole or in part, with proceeds of bonds (including Rental Housing Bonds) (the "Owned Developments"). The Authority reports losses in its financial reports when it takes title to such Owned Developments and reports additional losses when subsequent appraisals of such Owned Developments show declining values. Typically, the operating income of such Owned Developments covers their operating expenses. For multi-family developments experiencing financial difficulties, the Authority may also restructure the timing of the receipt of the principal and interest payments on the multi-family mortgage loan or reduce the interest rate on a temporary or permanent basis. Sudden and extraordinary negative disruptions to the Virginia economy may lead to a materially higher number of such multi-family mortgage loan restructurings than is otherwise typical. One such disruption is the COVID-19 pandemic and efforts to limit the spread of COVID-19 have resulted in significant declines in economic activity in the United States where the federal government reported a massive increase in unemployment in March and April of 2020 and a large drop in the nation's gross domestic product in the first quarter of 2020. However, because this economic downturn is primarily caused by laws and orders issued by governments it is highly unusual and therefore its duration and effects are expected to be more difficult to predict than past economic downturns and recessions.

In response to the COVID-19 pandemic, the Authority now offers a forbearance plan to all borrowers with multi-family loans made by the Authority or made by HUD and serviced by the Authority (such as HOME loans and National Housing Trust Fund loans) and loans made by the Virginia Housing Trust Fund and serviced by the Authority. If they qualify to participate in the plan, such mortgagors can choose not to pay up to three consecutive monthly payments of principal, interest and reserves, but they must continue to pay the taxes and insurance escrow payments. At the end of the forbearance period, the mortgagor will be required to repay the amount forborne in forty-eight equal monthly instalments (in addition to its usual monthly payment). Forborne replacement reserve deposits will not be required to be replenished, absent unusual circumstances as determined by the Authority. The Authority offered this plan to start for the May 2020 payment. In May 2020, 24 loans with an approximate aggregate outstanding balance of $24 million were in forbearance and as a result did not pay an estimated $161,000 in principal and interest payments. In June 2020, 27 loans with an approximate aggregate outstanding balance of $73 million were in forbearance and did not pay an estimated $454,000 in principal and interest payments. In July 2020, 31 loans with an approximate aggregate outstanding principal balance of $115 million will be in forbearance and will not pay an estimated $779,000 in principal and interest payments. The Authority expects the number of such mortgagors requesting forbearance under this plan to increase in the coming months. Such mortgagors can request a forbearance agreement as late as for the September 2020 payment. This forbearance plan was not anticipated by the Authority prior to the COVID-19 pandemic and substantial participation in this forbearance plan will cause the Authority to suffer the loss of income the Authority otherwise would have received and used to pay obligations as they came due, including payments due on outstanding Rental Housing Bonds, potentially including the Offered Bonds. No assurance can be given that any such plan will not be extended or expanded. The Authority has agreed to certain loan modifications in addition to this forbearance plan for some borrowers.

The forbearance plan discussed in the previous paragraph is not available to construction loans. The Authority will evaluate requests for relief coming from borrowers with construction loans on a loan by loan basis. In June, the Authority allowed two construction loans with an approximate aggregate outstanding balance of $31 million to not pay an estimated $322,000 of interest payments.

See "General Fund and Other Net Assets" in "General Information About The Authority" for a discussion of the Authority's experience with multi-family mortgage loans the Authority has financed with other sources.

The Authority conducts quarterly analyses of the risk of loan loss on its portfolio of multi-family mortgage loans in order to determine the amount to be included in the calculation of the Authority's Allowance for Loan Loss for estimated losses on multi-family mortgage loans. For this analysis, the Authority develops a list of the multi-family developments that are identified as being at risk of foreclosure and assigns one of four levels of risk ("high risk," "medium risk," "low risk" or "possible") to each of those at risk multi-family developments based upon a number of factors, including 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. In addition, the Authority estimates the potential loss for each of the at-risk multi-family developments calculated as the difference between the outstanding principal balance of the mortgage loan and the value of the development financed by such mortgage loan as determined by the Authority based upon the amount of debt financing (assumed to be fully amortizing over 30 years with level payments and at the lesser of the existing interest rate on the Authority's mortgage loan or the average of the multi-family interest rates then being offered by the Authority) which could be supported by the net operating income of the multi-family development. Reductions are made in the potential loss for any operating and replacement reserves of the multi-family development and for the value of federal low-income housing tax credits, if any, that may be taken over the balance of the initial 10 years of the operation of the multi-family development. Based on such level of risk and potential loss, the Authority includes an amount for each such at-risk multi-family development in the Authority's Allowance for Loan Loss. Set forth below is a chart that lists, as of March 31, 2020, 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 for the multi-family developments at such risk level.

| Foreclosure Risk Level | Number of Developments | Principal Balance (in millions) | Amount Included in Allowance for Loan Loss (in millions) |
|---|---|---|---|
| High | 10 | $36.6 | $9.1 |
| Medium | 6 | 21.4 | 0.7 |
| Low | 25 | 59.2 | 1.8 |
| Possible | 56 | 199.3 | 3.4 |
| TOTAL | 97 | $316.5 | $15.0 |

The Authority also includes in the Allowance for Loan Loss additional amounts for all other multi-family developments based upon 1.25% of the outstanding principal balances of the mortgage loans financing such other developments and may include other additional amounts in the 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 that were included in the Authority's Allowance for Loan Loss as of March 31, 2020 is $55 million, rounded to the nearest million. The Authority's total Allowance for Loan Loss which includes such total amount and amounts for possible losses on single family mortgage loans financed by the Authority was $155 million, rounded to the nearest million, as of March 31, 2020. The Authority may at any time modify the above described analysis and calculations as it shall determine to reflect its risk of loan loss.

## MISCELLANEOUS PROGRAMS

The Authority makes certain mortgage loans supported or financed by net assets of the Authority (see "General Fund and Other Net Assets" below 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 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 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. 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**

See "Business Disruption Risk; COVID-19" in "Part III – General Information About the Authority" for a description of the CARES Act.

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

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

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

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

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

**Prepayments**

A decline in mortgage interest rates below applicable deed of trust note rates will generally result in an increase in prepayments on mortgage loans. The level of prepayments also may be affected by other factors outside of the Authority's

control, including, but not limited to, economic conditions, home prices, borrower credit circumstances, provisions regarding prepayment in the applicable deed of trust note, and defaults on mortgage loans. Such prepayments on the mortgage loans may have the effect of reducing the outstanding principal balances of the Authority's mortgage loan portfolio and thereby adversely affecting the Authority's revenues. 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. The Authority's website address is www.vhda.com.

### Commissioners

The Commissioners of the Authority consist of eight members appointed by the Governor and confirmed by the General Assembly and three ex-officio members – a representative of the Virginia Board of Housing and Community Development, the Treasurer of the Commonwealth and the Director of the Virginia Department of Housing and Community Development. The Authority's Commissioners are:

| Name | Position | Term Expires June 30 | Occupation |
|---|---|---|---|
| Shekar Narasimhan ..... | Commissioner and Chairman | 2022 | Managing Partner, Beekman Advisors, Dunn Loring |
| William C. Shelton ..... | Commissioner and Vice Chairman | 2021 | Retired, Director, Virginia Department of Housing and Community Development, Chesterfield |
| Clarissa McAdoo Cannion .... | Commissioner | 2020* | Retired, Executive Director, Suffolk Redevelopment and Housing Authority, Suffolk |
| Thomas A. Gibson, IV..... | Commissioner | 2020* | Developer, Pennrose, Alexandria |
| David E. Ramos..... | Commissioner | 2020* | Community Affairs Specialist, Division of Depositor & Consumer Protection, Federal Deposit Insurance Corporation, Washington, D.C. |
| Barbara J. Blackston ..... | Commissioner | 2022 | Section 8 Housing Choice Voucher assisted tenant, Richmond |
| Lisa R. Porter..... | Commissioner | 2023 | Executive Director and CEO, Bristol Redevelopment and Housing Authority, Bristol |
| Michael J. Schewel..... | Commissioner | 2023 | Vice President, General Counsel and Secretary, Tredegar Corporation, Richmond |
| Manju Ganeriwala..... | Commissioner | ex-officio | Treasurer, Commonwealth of Virginia, Richmond |
| Erik C. Johnston..... | Commissioner | ex-officio | Director, Virginia Department of Housing and Community Development, Richmond |
| Abigail Johnson..... | Commissioner | ex-officio | Member, Virginia Board of Housing and Community Development, Williamsburg |

* Serves in present capacity until replaced or reappointed.

### 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. The Authority has one business unit for multi-family loan origination, servicing and compliance and one business unit for single family loan origination, servicing and compliance. Listed below are the Authority's principal officers directly involved in the single family lending programs and the multi-family lending programs and their responsibilities.

Susan F. Dewey. Chief Executive Officer. Ms. Dewey joined the Authority in 1999. Prior to joining the Authority, Ms. Dewey was employed by the Commonwealth of Virginia as Treasurer, Deputy Treasurer, Director of Debt Management and Director of Financial Policy. Ms. Dewey is a Certified Public Accountant and has an undergraduate degree and a Master of Business Administration degree from The College of William & Mary.

Patrick J. Carey. Chief of Programs and Chief Financial Officer. Mr. Carey joined the Authority in 1987 as Finance Manager and served as Finance Director or Director of Finance from June 2003 to February 2013 and then as the Managing Director of Finance until February 2018. Mr. Carey is a graduate of the University of Richmond and has a Master of Business Administration degree from Virginia Commonwealth University.

Paul M. Brennan. Chief Counsel. Mr. Brennan joined the Authority in 1990 as Assistant Counsel and served as Deputy General Counsel from January 2006 to July 2012 and has served in his current role since then. Prior to joining the Authority, Mr.

Brennan was engaged in the practice of law in Richmond, Virginia. Mr. Brennan is a member of the Virginia State Bar and is a graduate of the University of Notre Dame and the University of Notre Dame Law School.

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

J. Hil Richardson, Jr. Managing Director of Capital Markets. 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 net assets. Certain information on such notes and bonds is set forth in footnote 7 of the Authority's 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 2014 through 2019 and at March 31, 2019 and 2020. With respect to March 31, 2019 and 2020, and the 9 month periods then ended, the summary includes normal accruals and estimates, necessary under generally accepted accounting principles for a fair presentation of combined revenues, expenses and changes in net position of the Authority. Operations for the 9 month period ended March 31, 2020 are not necessarily indicative of operations for the fiscal year ending June 30, 2020. The net position of certain funds is restricted and is subject to varying valuation methodologies pursuant to contracts with bond owners. The totaling of the accounts does not indicate that the combined net position is available for the payment of principal of or interest on the Commonwealth Mortgage Bonds, Homeownership Mortgage Bonds or Rental Housing Bonds, for the payment of the Authority's operating expenses or for any other purpose. The summary should be read in conjunction with the financial statements and notes appearing in Appendix A. The amounts in the summary for each year ended June 30 are derived from the audited financial statements for each such year.

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| | Year Ended June 30 (in millions, rounded to the nearest million) | | | | | | March 31 (Unaudited) | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2019 | 2020 |
| | *(Not included in independent accountants' report)* | | | | | | | |
| Memorandum Only – Combined totals | | | | | | | | |
| Revenues: | | | | | | | | |
| Interest on mortgage loans | $440 | $411 | $371 | $334 | $314 | $298 | $225 | $221 |
| Investment income | 11 | 28 | 20 | 17 | 13 | 55 | 40 | 28 |
| Pass-through grants received | 120 | 119 | 117 | 118 | 116 | 107 | 81 | 68 |
| Housing Choice Voucher program | 10 | 6 | 6 | 7 | 8 | 7 | 5 | 5 |
| Other | 32 | 36 | 60 | 64 | 67 | 71 | 54 | 71 |
| Total revenues | 613 | 600 | 574 | 540 | 518 | 538 | 405 | 393 |
| Expenses: | | | | | | | | |
| Interest | 223 | 197 | 178 | 153 | 136 | 129 | 97 | 91 |
| Pass-through grants disbursed | 120 | 119 | 117 | 118 | 116 | 107 | 81 | 68 |
| Housing Choice Voucher program | 9 | 8 | 6 | 7 | 8 | 7 | 6 | 6 |
| Total administrative expenses, etc | 128 | 99 | 101 | 103 | 126 | 112 | 92 | 137 |
| Total expenses | 480 | 423 | 402 | 381 | 386 | 355 | 276 | 302 |
| Excess of revenues over expenses | 133 | 177 | 172 | 159 | 132 | 183 | 129 | 91 |
| Net position at beginning of period | 2,510 | 2,643 | 2,820 | 2,992 | 3,151 | 3,283 | 3,283 | 3,466 |
| Net position at end of period | $2,643 | $2,820 | $2,992 | $3,151 | $3,283 | $3,466 | $3,412 | $3,557 |
| Net position of the General Fund at end of period | $127 | $143 | $165 | $265 | $314 | $363 | $359 | $387 |

*Selected Figures Excluding Effects of GASB 31*

Statement No. 31 of The Governmental Accounting Standards Board (GASB 31), Accounting and Financial Reporting for Certain Investments and for External Investment Pools ("GASB 31") requires investments, but not liabilities or mortgage loans, held by governmental entities to be reported at fair market value on the balance sheet with changes in fair market value to be included as adjustments to revenues in the statement of revenues, expenses, and changes in net position. The following summary excludes the effects of GASB 31 and is subject to the qualifications set forth in the previous paragraph.

| | Year ended June 30 (in millions, rounded to the nearest million) | | | | | | March 31 (Unaudited) | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2019 | 2020 |
| | *(Not included in independent accountants' report)* | | | | | | | |
| Memorandum Only – Combined totals | | | | | | | | |
| Excess of revenues over expenses excluding GASB 31 adjustments | $128 | $160 | $168 | $171 | $146 | $165 | $117 | $76 |
| Net position at end of period excluding GASB 31 adjustments | $2,634 | $2,794 | $3,018 | $3,133 | $3,279 | $3,444 | $3,396 | $3,520 |
| Net position of the General Fund at end of period excluding GASB 31 adjustments | $133 | $120 | $188 | $247 | $309 | $343 | $346 | $350 |

The GASB 31 valuation adjustments to investments owned by the Authority consist of unrealized gains or losses necessary to report investment assets at fair market value on the specified measurement date.

**Prior and Anticipated Financings of the Authority**

As of March 31, 2020 the Authority had approximately $3,889 million, rounded to the nearest million, of notes and bonds outstanding (see Appendix A). Subsequent to such date, the Authority issued (or currently expects to issue) the following notes and bonds, if any, in addition to the Offered Bonds:

| Issue | Par Amount | Issuance Date |
|---|---|---|
| Commonwealth Mortgage Bonds, 2020 Series B Residential Mortgage Backed Securities | $150,659,258 | April 21, 2020 |
| Rental Housing Bonds, 2020 Series C-Taxable | $200,000,000 | April 28, 2020 |
| Rental Housing Bonds, 2020 Series D-Taxable | $425,000,000 | May 27, 2020 |
| Rental Housing Bonds, 2020 Series E-Non-AMT | $44,770,000 | July 28, 2020 |

The Authority has a $250 million revolving credit agreement (the "Bank of America Agreement") with Bank of America, N.A. ("Bank of America") to provide a source of immediately available funds for the general corporate purposes of the Authority, including, at the option of the Authority, the payment of the purchase price of bonds which are tendered but are not remarketed. Upon submission of a completed and duly executed request for advance, the Authority may draw funds under the Bank of America Agreement up to the maximum outstanding amount of $250 million, provided that no default by the Authority under the Bank of America Agreement shall have occurred and be continuing. Defaults include (1) failure by the Authority to pay any amounts due under the Bank of America Agreement; (2) 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; (3) 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; (4) 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; (5) 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; (6) 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, 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 of Virginia and the United States; and (7) 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 General Fund and other net assets to pay Bond Amounts, to the extent Assets and income therefrom are not sufficient to pay such Bond Amounts. The Bank of America Agreement will terminate on December 1, 2020, unless renewed by the Authority and Bank of America. All outstanding amounts are due and payable on the termination date. As of March 31, 2020, $119 million was outstanding under the Bank of America Agreement.

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. Events of default under the FHLB Agreement include (1) 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; (2) any failure to maintain adequate qualifying collateral free of encumbrances; (3) bankruptcy and certain other acts of insolvency by the Authority; and (4) 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 General Fund and other net assets to pay Bond Amounts, to the extent that Assets and income therefrom are not sufficient to pay such Bond Amounts.

**Investments**

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

As of March 31, 2020, the Authority's current 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, 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 footnote 5 of the Authority's financial statements attached hereto as Appendix A). 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.

Footnote 5(b) of the Authority's 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, which overall is concentrated in Money Market Securities, Agency Mortgage Backed Securities and Reverse Repurchase Agreements. As of March 31, 2020, the Authority had $564 million, rounded to the nearest million, invested in Agency Mortgage Backed Securities, all of which were Ginnie Mae securities. As of March 31, 2020, the Authority's counterparty in the Reverse Repurchase Agreements category was as follows:

| Counterparty | Principal Amount |
|---|---|
| Cantor Fitzgerald | $450,000,000 |

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 March 31, 2020, the Authority's counterparties in the Money Market Securities category were as follows:

| Counterparty | Principal Amount |
|---|---|
| Toyota Motor Credit | $ 84,375,250 |
| US Bank Commercial Paper | 204,375,059 |
| Community Capital Bank | 4,000,000 |
| Goldman Sachs | 366,286 |
| | $293,116,594 |

**The Common Fund**

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

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

**General Fund and Other Net Assets**

The General Fund contains the net assets of the Authority not pledged as security under the Commonwealth Mortgage Bonds Resolution, Rental Housing Bonds Resolution or Homeownership Mortgage Bonds Resolution. The General Fund is used to pay the operating expenses of the Authority and is a source of payment for all general obligations of the Authority, including the Offered Bonds, although it is not specifically pledged to secure the Offered Bonds. Moneys comprising the General Fund's

net assets may be used for any lawful purpose of the Authority. The Authority expects to continue to pay its general operating expenses from the General Fund and to maintain the General Fund's net asset 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 has conducted and continues to conduct various subsidized mortgage loan programs financed or supported by the net assets of the Authority, including the net assets of the General Fund. Each mortgage loan so financed or supported is herein referred to as a "Subsidized Mortgage Loan." A mortgage loan is a Subsidized Mortgage Loan if the effective interest rate thereon is at or below the effective cost of the capital (debt or net asset) of the Authority so financing such mortgage loan. For a Subsidized Mortgage Loan financed with net assets, the effective cost of such net assets is assumed to be the effective cost that the Authority would have paid (at the time of the issuance of the Authority's commitment to finance such Subsidized Mortgage Loan) to finance such Subsidized Mortgage Loan with debt capital on which interest is not excluded from gross income for federal income tax purposes.

The Authority has a program to finance the purchase of property that can benefit from the Tax Cuts and Jobs Act of 2017 when the purchaser plans to use the property, in whole or in part, for housing. This program is expected to be primarily financed or supported by the net assets of the Authority but the Authority may under certain circumstances fund it from other sources, including utilizing the Bank of America Agreement. See "Prior and Anticipated Financings of the Authority" above for a description of the Bank of America Agreement.

Prior to July 1, 2005, the Authority made available the amount of $276 million, rounded to the nearest million, for Subsidized Mortgage Loans, principally for the elderly, disabled, homeless and other low income persons. The Authority implemented, beginning July 1, 2005, a new methodology for determining the amount of its net assets that will be used to provide reduced interest rates for Subsidized Mortgage Loans and to provide grants and otherwise subsidize its programs (the "Subsidized Programs"). Under this methodology as currently in effect, the annual amount of the Authority's net assets to be dedicated, on a present value basis as determined by the Authority, to provide reduced interest rates or other support for Subsidized Mortgage Loans or to otherwise provide housing grants and subsidies under its programs, including bond financed programs, shall be equal to, retroactive to fiscal years 2018 and 2019, 50% of the average of the Authority's excess revenue (as unadjusted for the effect of GASB 31 and 53) for the preceding five fiscal years (the "Percentage Amount"). Beginning in fiscal year 2020, such percentage is 60%. The Authority will allocate an additional $15 million to Subsidized Programs each year for fiscal years 2020 through 2024. Annual allocations that are unused are carried forward for use in subsequent fiscal years. When allocated to Subsidized Mortgage Loans or other housing subsidies, such annual amounts will, in effect, represent the present values of the costs to the Authority to finance (at interest rates below the Authority's capital costs as described above) or otherwise support the Subsidized Mortgage Loans and other housing subsidies. When allocated to grants, such annual amounts are expenditures. This use of net assets is expected to reduce the amount available to the Authority for payment of its obligations (including Bond Amounts) or for other purposes permitted by the Act. The principal amount of Subsidized Mortgage Loans that will be available at reduced interest rates under this methodology will vary depending on such factors as the amount of the interest rate reductions and the expected lives of the Subsidized Mortgage Loans. The amounts to be made available under this methodology in the future will be subject to review by the Authority of the impact thereof on its financial position. The Authority has financed and expects to finance some, but not all, of such Subsidized Mortgage Loans, in whole or in part, with funds under its various bond resolutions. The total of the annual amounts used or expected to be made available for Subsidized Programs under this methodology from fiscal year 2006 through fiscal year 2020 is $481 million, rounded to the nearest million. In prior years, the Authority has allocated most of the Percentage Amount for Subsidized Mortgage Loans. However, the Authority expects to increase the proportion of the Percentage Amount that will be made available for grants in future years and investors should expect a substantial portion of the Subsidized Programs will be grants. In the future, the Authority may allocate all of the Percentage Amount for grants. Grants have a more immediate negative impact on the Authority's excess revenue because grants are expensed in the year made whereas the cost of Subsidized Loans is spread over the expected lives of the Subsidized Loans, although the long term negative impact on the Authority's excess revenues is expected to be the same.

As of March 31, 2020, $162 million aggregate principal balance, rounded to the nearest million, of multi-family mortgage loans financed by General Fund net assets was outstanding. As of March 31, 2020, all of such multi-family mortgage loans were current in their payments, except mortgage loans for three developments having an aggregate principal balance of $1 million, rounded to the nearest million, that were delinquent. As of March 31, 2020, the Authority did not own any multi-family developments as a result of foreclosure which had been financed, in whole or in part, with General Fund net assets. As of March 31, 2020, $779 million aggregate principal balance, rounded to the nearest million, of single family mortgage loans financed by General Fund net assets (including $589 million, rounded to the nearest million, of such loans securitized through the issuance of Ginnie Mae securities held in the General Fund) was outstanding; 12% of such single family mortgage loans having an aggregate principal balance of $85 million, rounded to the nearest million, were two or more months delinquent in monthly payments; and 1.3% of such single family mortgage loans having an aggregate principal balance of $9 million, rounded to the nearest million, were in foreclosure; and 0.3% of such single family mortgage loans having an aggregate principal balance of $2 million, rounded to the nearest million, are in forbearance.

**Information Security**

The Authority has implemented and continues to implement cyber security controls in an effort to improve the security of the Authority's data. However, as a lender, loan servicer, employer and administrator of certain government

programs, the Authority possesses certain information about a large number of individuals. The Authority's computer systems are connected to the internet and it is possible that a hostile or criminal party could gain unauthorized access to such systems and steal or otherwise improperly use such information. On occasion, the Authority has detected and taken action in response to such unauthorized access. Should other such breaches occur, the Authority could incur the cost of paying its liability to affected individuals, the cost of any resulting adverse regulatory action, and the cost of damage to its reputation. Such damage to the Authority's reputation could adversely affect the Authority's ability to make loans and issue bonds in the future. In addition, the Authority could suffer losses should its computer systems suffer attacks that either disable them or lock up their data, including attacks followed by a ransom demand. Such attacks could prevent the Authority from conducting its ordinary course of business for an unknown period of time.

**Business Disruption Risk; COVID-19**

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

The global outbreak of the novel coronavirus, or COVID-19 (the "Outbreak" or the "COVID-19 pandemic"), a respiratory disease caused by a new strain of coronavirus that has been declared a pandemic by the World Health Organization, may negatively impact the Virginia housing market and the overall economy in the Commonwealth of Virginia. In response to the Outbreak, the Governor of Virginia declared a state of emergency in Virginia on March 12, 2020 and the President of the United States declared a national emergency on March 13, 2020. While the duration of the Outbreak and its potential impact on the Authority, its programs and its operations, including its ability to originate Mortgage Loans and collect payments on its Mortgage Loans, cannot be predicted at this time, the continued spread of the Outbreak and resulting containment and mitigation efforts could have a material adverse effect on the Authority, its programs and its operations. In response to the Outbreak, the Authority has implemented its Plan described above which includes plans to continue its capital markets, treasury, and loan originations and servicing operations.

Since the emergency declaration described above, the Governor of Virginia has issued a number of executive orders restricting business, governmental and social activities to reduce person to person contact in the Commonwealth to protect the health and safety of Virginians and mitigate the spread of COVID-19. Two of the most significant of these orders were Executive Order Fifty-Three, which closed non-essential businesses that serve the general public, especially businesses that by their nature serve groups of people, such as restaurants and sporting events, and Executive Order Fifty-Five, which ordered all Virginians to stay at home except for certain limited exceptions. Both of those orders expired on June 10, 2020, and they were replaced by the current phase of restrictions which allows the reopening of the non-essential businesses but continues to limit their operations in order to limit the number of people who can get together in any one place. For example, race tracks in Virginia may host races but no spectators may be present in the stands. Although the Governor currently plans to ease restrictions further in future phases, he could move in the opposite direction if he determines it is necessary in response to the changing course of the Outbreak. The size and scope of the negative impact on the economy of the Commonwealth of all of these executive orders, as well as all of the other quarantine orders across the United States and around the world, and the voluntary self-quarantine decisions made by individuals all over the world, is unknown, but it could negatively impact the Authority's financial condition, operations and cash flow.

In remarks accompanying the release of Executive Order Fifty-Five, the Governor of Virginia stated "We are in a public health crisis, and we need everyone to take this seriously and act responsibly. Our message to Virginians is clear: stay home." Additional executive orders addressing health, safety, and economic issues, in the Commonwealth may be forthcoming, and the Authority cannot predict the impact of such additional executive orders on the Authority's financial condition, operations and cash flow.

Since the President's declaration of a national emergency described above, the United States Congress enacted several COVID-19-related bills, including the CARES Act, signed into law on March 27, 2020. Except as described herein, at this time, the Authority does not understand all the ways the CARES Act will impact its programs and operations and cannot predict the impact of the CARES Act on the Authority's financial condition, operations and cash flow.

Officials at various levels of government in the Commonwealth have proposed orders which, if enacted, would have the effect, among other things, of not allowing certain civil matters, including unlawful detainers and writs of eviction, to proceed for certain periods. Those orders may adversely impact the borrowers in the Authority's multi-family loan portfolio by delaying evictions and it could adversely impact the Authority's single family loan servicing for the same reason, but the Authority cannot predict the impact of those orders on the Authority's financial condition, operations and cash flow.

With regard to the Authority's single family lending programs and its servicing of single family loans, it appears the CARES Act, among other things, (a) prohibits lenders like the Authority from foreclosing mortgage loans which are FHA insured, VA, HUD or Rural Housing guaranteed, or purchased or securitized by Fannie Mae or Freddie Mac (collectively, "Federal Loans") for a period of 60-days commencing March 18, 2020, and (b) until the sooner of the termination of the Outbreak or December 31, 2020, borrowers of Federal Loans directly or indirectly facing economic difficulties as a result of the COVID-19 pandemic can seek up to 360 days of forbearance. Such provisions are in addition to actions previously taken by HUD/FHA and the Federal Housing Finance Agency, which ordered the servicers of Federal Loans to suspend foreclosures of single-family residences for 60 days. It is possible all such borrowers could at some point claim to be directly or indirectly facing economic difficulties as a result of the COVID-19 pandemic, and the Authority cannot predict the impact of such borrowers' claims on the Authority's financial condition, operations and cash flow. See Appendix B for data on the Authority's portfolio of single family mortgage loans which the Authority services, including disclosure of which single family loans are Federal Loans. See also "Ginnie Mae Financing," "Fannie Mae Financing," and "Servicing of Single Family Mortgage Loans" all in "The Single Family Program" above for more information on the impact of single family loans in forbearance on the Authority's operations.

With respect to the Authority's multi-family mortgage loans which are (a) insured, guaranteed, supplemented or assisted in any way by the federal government (including any HUD program or related program) or administered by any federal agency or (b) purchased or securitized by Fannie Mae or Freddie Mac, it appears the CARES Act provides that, if such mortgage loan was current as of February 1, 2020 and is not for temporary financing (i.e., not a construction loan), until the earlier of the termination of the Outbreak or December 31, 2020, the borrower may request a 30-day payment forbearance, and up to two additional 30-day forbearances. During the period of any such forbearance, the borrower may not evict any tenant solely for nonpayment of rent. Such provisions are in addition to actions previously taken by the Federal Housing Finance Agency, which announced that Fannie Mae and Freddie Mac would offer mortgage loan forbearance to multifamily property owners on the condition that they suspend all evictions for renters who cannot pay their rent because of the COVID-19 pandemic. A number of the Authority's multi-family borrowers may be eligible to request such forbearances, and if such forbearances are granted, the Authority cannot predict the impact on the Authority's financial condition, operations and cash flow. But see also "Delinquencies and Foreclosures; Risk of Loss; Forbearance" in "The Multi-Family Program" for a description of a voluntary program the Authority is offering its borrowers that is expected to include forbearance of principal and interest for up to three months. The Authority expects a majority of the Authority's multi-family borrowers to request to participate in such voluntary program and the Authority cannot predict the impact of such forbearances on the Authority's financial condition, operations and cash flow.

In addition to the limitations on eviction described above, the CARES Act also appears to create a moratorium on evictions for borrowers whose loans are described in (a) in the immediately preceding paragraph or whose developments are receiving one or more of the following federal support: Section 8 project-based housing assistance, FHA insurance, Section 236 multifamily rental housing assistance, a HOME loan, or federal Low Income Housing Tax Credits. The moratorium prohibits such borrowers from initiating eviction proceedings, including giving a notice to vacate to tenants, on the ground of non-payment of rent or other fees or charges, for 120 days, starting March 27, 2020, and after that period they cannot evict the tenants until at least 30 days after providing a notice to vacate. The full impact of such prohibition on evictions on the Authority's financial condition, operations and cash flow is unknown. See Appendix E for a description of the Authority's multi-family mortgage loan portfolio that it services.

The Authority is monitoring and assessing the impact of the Outbreak, including orders, laws, regulations and mandates from the Commonwealth or the federal government, on its operations and financial position. The Authority intends to provide periodic disclosures on such matters by posting such disclosures on the Electronic Municipal Market Access (EMMA) system maintained by the Municipal Securities Rulemaking Board. Such disclosures are voluntary and, as such, the Authority is not committing to posting such disclosures, but the Authority's current intent is to provide such disclosures until such time as its operations are no longer directly impacted by the Outbreak.

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# 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, 2019 and 2018

(With Independent Auditors' Reports Thereon)

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

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

Management's Discussion and Analysis
(unaudited)
June 30, 2019 and 2018

Management of the Virginia Housing Development Authority (Authority) offers readers of its financial report this overview and analysis of the Authority's financial performance for the years ended June 30, 2019 and 2018. Readers are encouraged to consider this information in conjunction with the Authority's basic financial statements, accompanying notes, and supplementary information, which follow this section.

**Organization Overview**

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

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

The Authority also participates in several Federal National Mortgage Association (FNMA) Mortgage-backed Securities (MBS) programs. The Authority may sell to FNMA homeownership mortgage loans under its whole loan program or it may issue FNMA securities backed by homeownership mortgage loans which securities may be held by the Authority or sold to third parties. Once sold, the mortgage loans are no longer assets of the Authority nor pledged to any bond resolution. The FNMA guaranty ensures the owner of the security issued by the Authority receives timely payment of scheduled monthly principal and interest payments at the rate provided by the securities.

In addition to its major mortgage loan programs, the Authority also administers, on a fee basis, various other programs related to its lending activities. Such programs include the Housing Choice Voucher (HCV) program, which provides rental subsidies from federal funds, and the federal Low Income Housing Tax Credit (LIHTC) program, which awards income tax credits for the purpose of developing low-income rental housing projects.

The Authority also funds Resources Enabling Affordable Community Housing (REACH) in Virginia initiatives, in which grants are made or the interest rates on homeownership or rental housing mortgage loans are subsidized by the Authority, to provide assistance to the elderly, disabled, homeless, and other low-income persons and increase affordable housing opportunities in the Commonwealth. The amount of change in net position each fiscal year used to provide such grants or reduced interest rates on mortgage loans or otherwise subsidize its programs is determined by VHDA's Board of Commissioners. In fiscal year 2019, to address the growing demand for REACH the Board of Commissioners approved a retroactive increase to REACH for fiscal years 2018 and 2019 from 40% to 50%. Additionally, the Board also approved an increased from the retroactive rate of 50% to 60% starting in


(Continued)

fiscal year 2020. The amount of REACH the Authority commits is based on the average of the Authority's change in net position, as unadjusted for the effect of Governmental Accounting Standards Board (GASB) No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, for the preceding five fiscal years' times the Board approved rate. The amounts made available to provide reduced interest rates on mortgage loans or otherwise provide housing subsidies, including grants, under its programs are subject to review by the Authority of the impact on its financial position. The Authority finances some, but not all, of such subsidized mortgage loans, in whole or in part, with funds under its various bond resolutions or mortgage loan securitization programs.

**Financial Statements**

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

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

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

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

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

**Financial Highlights**

***Overview***

The Authority has continued to maintain a strong financial position that grew at a rate of 5.6% over the fiscal year to a total net position of $3.47 billion. Both Standard & Poor's Ratings Services (Standard & Poor's) and Moody's Investors Services (Moody's) rating agencies continue to rate the Authority with an AA+ issuer credit rating and Aa1 general obligation credit rating, respectively.

In its homeownership loan program, the Authority has been able to offer borrowers mortgage loans at affordable interest rates, financed through the issuance of taxable bonds and MBS guaranteed by GNMA and FNMA. Participation in the FNMA Housing Finance Agency (HFA) Preferred Risk Sharing Programs has allowed the Authority to finance homeownership mortgage loans with either no mortgage insurance or private mortgage insurance and, unlike tax-exempt bonds, to permit the funding of refinancing loans and loans to borrowers who are not first time homebuyers. Since inception in the spring of 2015, the Authority has issued more than 12,500 down-payment assistance (DPA) grants valued at over $65 million to assist qualified first time homebuyers and has issued more than 17,000 Mortgage Credit Certificates (MCC) valued at over $663 million to provide even more tax advantages to low or moderate income borrowers getting homeownership mortgage loans.

In its rental housing program, the Authority has continued to fund developments through the issuance of tax-exempt and taxable bonds along with the increased use of REACH funds to make tax-exempt bond funded developments financially feasible. Rental housing financing improved significantly in fiscal year 2019 due to product re-pricing measures and REACH subsidies. In February 2016, the Authority was approved to originate loans using a federal risk-sharing program whereby rental housing mortgage loans will be insured by FHA and financed through the Federal Financing Bank (FFB). The Authority began to access this lower cost of capital by financing loans with this new risk-sharing/FFB program in fiscal year 2017.

The Authority's servicing efforts for its homeownership loan portfolio have been focused on working with homeownership mortgagors experiencing financial difficulties and mitigating potential foreclosure losses. The Authority has continued to offer various options, including loan modifications, to prevent foreclosure for otherwise responsible homeownership mortgagors encountering financial hardships. While employment levels, wages, and housing values have improved in Virginia since the housing market recession, challenges for the Authority's homeownership mortgagors are expected to continue. Additionally, the Authority has provided substantial support to the Commonwealth's housing policy priorities, and its homeownership education, underwriting and loss mitigation practices continue to help lessen delinquencies and foreclosures.

As part of servicing its rental housing loans, the Authority identifies at-risk developments in order to assess and mitigate the financial risk and to determine the amount to be included in the Authority's Allowance for Loan Loss for such developments. The Authority offers loss mitigation, including loan modifications, to mortgagors to reduce the risk of default and loss on the rental housing mortgage loans. As a result, the delinquencies and foreclosures on its rental housing mortgage loans have been maintained at relatively low levels.

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

***Year Ended June 30, 2019***

Homeownership mortgage loan originations totaled 6,697 loans for $1,313.2 million in fiscal year 2019 compared to 7,212 loans for $1,422.0 million for fiscal year 2018, a decrease of 7.1% in units and 7.7% in dollars of mortgage loans over the prior year's production levels. The decrease in year over year production was attributed to decreased housing stock available for first time homebuyers and a general industry wide decrease of over 3%.

As of June 30, 2019, the Authority serviced for itself and for third parties a total of 75,013 first and second homeownership mortgage loans with outstanding balances totaling $8.0 billion. Approximately 31,100 of the mortgage loans were serviced for GNMA and FNMA, for which the Authority receives a servicing fee. The outstanding balances of loans serviced, increased by $685.3 million or 9.4% and the number of loans serviced

increased by 4,892 loans or 7.0%, since June 30, 2018, primarily in the form of FNMA Risk Share mortgage loans and FHA insured first lien mortgage loans that have been pooled into MBS guaranteed by GMNA and originated with corresponding uninsured second lien mortgage loans.

In fiscal year 2019, there were 297 homeownership mortgage foreclosures valued at $37.4 million or 1.5% of the self-serviced homeownership mortgage loan portfolio, compared to a year ago with 357 foreclosures valued at $43.6 million or 1.6% of loan amounts. Recovery rates averaging 76.7%, representing an improvement of .9% over the prior year, somewhat mitigated the impact of loan losses. Total delinquency rates on the servicing portfolio based on loan count averaged 8.9% for the fiscal year, compared to 8.8% a year ago. Total delinquency rates on the servicing portfolio based on outstanding mortgage loan balances averaged 7.5% and 7.4% as of June 30, 2019 and 2018, respectively. Delinquencies consist of first mortgage loans over 30 days past due and foreclosures and bankruptcies.

Financing commitments for 5,673 rental housing units were made during fiscal year 2019, totaling $727.9 million, compared to 4,648 rental housing units totaling $500.7 million for fiscal year 2018. Recapitalization and rehabilitation of developments within the Authority's existing rental housing portfolio using new taxable and tax-exempt financing and REACH funds provided the majority of the rental housing mortgage loan production. The year over year increase was primarily the result of product re-pricing measures and availability of REACH subsidies.

As of June 30, 2019, the Authority serviced 1,165 rental housing mortgage loans with outstanding balances totaling $3.3 billion. Compared to June 30, 2018, the number of loans in the portfolio decreased 14 while loan balances increased $112.2 million or 3.5%. Delinquency rates based on rental housing portfolio loan count averaged 0.67% and 0.72% for the years ended June 30, 2019 and 2018, respectively. The average delinquency rates based on outstanding mortgage loan balances were 0.43% or $13.4 million for fiscal year 2019 compared to 0.56% or $17.4 million for fiscal year 2018.

***Year Ended June 30, 2018***

Homeownership mortgage loan originations totaled 7,212 loans for $1,422.0 million in fiscal year 2018 compared to 8,271 loans for $1,620.4 million for fiscal year 2017, a decrease of 12.8% in units and 12.2% in dollars of mortgage loans over the prior year's production levels. The decrease in year over year production was attributed to certain adjustments made to DPA grant guidelines and decreased housing stock available for first time homebuyers.

As of June 30, 2018, the Authority serviced for itself and for third parties a total of 70,121 first and second homeownership mortgage loans with outstanding balances totaling $7.3 billion. Approximately 26,300 of the mortgage loans were serviced for GNMA and FNMA, for which the Authority receives a servicing fee. The outstanding balances of loans serviced, increased by $797.5 million or 12.3% and the number of loans serviced increased by 4,875 loans or 7.5%, since June 30, 2017, primarily in the form of FNMA Risk Share mortgage loans and FHA insured first lien mortgage loans that have been pooled into MBS guaranteed by GMNA and originated with corresponding uninsured second lien mortgage loans.

In fiscal year 2018, there were 357 homeownership mortgage foreclosures valued at $43.6 million or 1.6% of the self-serviced homeownership mortgage loan portfolio, compared to a year ago with 412 foreclosures valued at $49.1 million or 1.6% of loan amounts. Recovery rates averaging 75.8%, representing an improvement of 5.5% over the prior year, somewhat mitigated the impact of loan losses. Total delinquency rates on the servicing portfolio based on loan count averaged 8.8% for the fiscal year, compared to 9.5% a year ago. Total delinquency rates on the servicing portfolio based on outstanding mortgage loan balances averaged 7.4% and 8.3% as of June 30, 2018

and 2017, respectively. Delinquencies consist of first mortgage loans over 30 days past due and foreclosures and bankruptcies.

Financing commitments for 4,648 rental housing units were made during fiscal year 2018, totaling $500.7 million, compared to 1,854 rental housing units totaling $152.7 million for fiscal year 2017. Recapitalization and rehabilitation of developments within the Authority's existing rental housing portfolio using new taxable and tax-exempt financing and REACH funds provided the majority of the rental housing mortgage loan production. The year over year increase was primarily the result of product re-pricing measures and availability of REACH subsidies.

As of June 30, 2018, the Authority serviced 1,179 rental housing mortgage loans with outstanding balances totaling $3.2 billion. Compared to June 30, 2017, the number of loans in the portfolio decreased 30 while loan balances decreased $28.2 million or 0.9%. Delinquency rates based on rental housing portfolio loan count averaged 0.72% and 0.35% for the years ended June 30, 2018 and 2017, respectively. The average delinquency rates based on outstanding mortgage loan balances were 0.56% or $17.4 million for fiscal year 2018 compared to 0.17% or $5.4 million for fiscal year 2017.

**Financial Analysis of the Authority**

Cash is held by the trustees and banks in depository accounts and investments for a variety of purposes, including: debt service funds required by bond resolutions, escrow and reserve funds held for the benefit of homeownership mortgagors and rental housing developments, funding for new mortgage loan originations, working capital for operating costs of the Authority, governmental funds held for disbursement toward Section 8 developments, and other funds held in a fiduciary capacity to support other housing initiatives. Monies on deposit in banks located in Virginia are collateralized pursuant to the Virginia Security for Public Deposits Act of the Code of Virginia.

Investment objectives are to invest all monies at favorable rates to maximize returns while maintaining short-term liquidity and to manage investments in a prudent manner to enable the Authority to fulfill its financial commitments. Precautions are taken to minimize the risk associated with investments, including monitoring creditworthiness of the investment, as determined by ratings provided by Standard & Poor's and Moody's, concentration risk, and maturity risk.

The Authority enters into forward sales transactions to hedge changes in the fair value of mortgage loan inventory and commitments to originate homeownership mortgage loans, particularly when such mortgage loans are expected to be pooled into securities guaranteed by GNMA or FNMA. The Authority does not enter into short sales, forward sales or futures transactions for which a bona fide hedging purpose has not been established.

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

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

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

**Condensed Statements of Net Position**

(In millions)

| | June 30 | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Cash and cash equivalents | $ 836.5 | 875.3 | 894.3 |
| Investments | 617.5 | 596.1 | 548.6 |
| Mortgage loans held for sale | 201.1 | 162.6 | 195.2 |
| Mortgage and other loans receivable, net | 5,427.6 | 5,531.8 | 5,822.8 |
| Other assets | 128.5 | 124.6 | 131.5 |
| Total assets | 7,211.2 | 7,290.4 | 7,592.4 |
| Deferred outflows of resources-OPEB | 4.7 | 2.6 | - |
| Notes and bonds payable, net | 3,487.4 | 3,746.7 | 4,198.8 |
| Other liabilities | 262.4 | 260.8 | 242.4 |
| Total liabilities | 3,749.8 | 4,007.5 | 4,441.2 |
| Deferred inflows of resources-OPEB | 0.2 | 1.9 | - |
| Invested in capital assets, net of related debt | 14.6 | 12.2 | 13.5 |
| Restricted by bond indentures | 3,103.5 | 2,969.7 | 2,885.9 |
| Unrestricted | 347.9 | 301.6 | 251.8 |
| Net position | $ 3,466.0 | 3,283.5 | 3,151.2 |

***June 30, 2019 Compared to June 30, 2018***

Total assets decreased $79.2 million, or 1.1% from the prior year. Cash and cash equivalents and investments decreased $17.4 million, or 1.2% from the prior year. Mortgage and other loans receivables, net, decreased by $65.7 million, or 1.2%, primarily as a result of securitizations of homeownership loans through GNMA and FNMA.

Total liabilities decreased $257.7 million, or 6.4% from the prior year. Notes and bonds payable decreased $259.3 million or 6.9%, due primarily to bond redemptions and scheduled principal repayments. For the year ended

June 30, 2019, the Authority issued a total of $238.2 million of tax-exempt Rental Housing bonds. Bond principal repayments and redemptions during the year totaled $213.7 million of the Commonwealth Mortgage Bond Group, $31.8 million of the Homeownership Mortgage Bond Group, $252.1 million of the Rental Housing Bond Group, and collectively included bond redemptions of $290.5 million. Proceeds from the Bond Groups and from GNMA and FNMA mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Total assets exceeded total liabilities by $3,466.0 million, representing an increase in net position of $182.5 million, and a 5.6% return over the preceding fiscal year. As of June 30, 2019, net position invested in capital assets, net of related debt, was $14.6 million. Net position restricted by bond resolutions totaled $3,103.5 million, an increase of $133.8 million, or 4.5% from the prior year. Unrestricted net position totaled $347.9 million, an increase of $46.3 million, or 15.4%.

***June 30, 2018 Compared to June 30, 2017***

Total assets decreased $302.0 million, or 4.0% from the prior year. Cash and cash equivalents and investments increased $28.5 million, or 2.0% from the prior year. Mortgage and other loans receivables, net, decreased by $323.6 million, or 5.4%, primarily as a result of securitizations of homeownership loans through GNMA and FNMA.

Total liabilities decreased $433.7 million, or 9.8% from the prior year. Notes and bonds payable decreased $452.1 million or 10.8%, due primarily to bond redemptions and scheduled principal repayments. For the year ended June 30, 2018, the Authority issued a total of $141.8 million of tax-exempt Rental Housing bonds. Bond principal repayments and redemptions during the year totaled $359.9 million of the Commonwealth Mortgage Bond Group, $43.7 million of the Homeownership Mortgage Bond Group, $173.3 million of the Rental Housing Bond Group, and collectively included bond redemptions of $321.4 million. Proceeds from the Bond Groups and from GNMA and FNMA mortgage loan securitizations were the principal sources of funding for mortgage loan originations.

Total assets exceeded total liabilities by $3,283.5 million, representing an increase in net position of $132.2 million, and a 4.2% return over the preceding fiscal year. As of June 30, 2018, net position invested in capital assets, net of related debt, was $12.2 million. Net position restricted by bond resolutions totaled $2,969.7 million, an increase of $83.8 million, or 2.9% from the prior year. Unrestricted net position totaled $301.6 million, an increase of $49.8 million, or 19.8%.

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

(In millions)

| | Year ended June 30 | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Operating revenues: | | | |
| Interest on mortgage and other loans | $ 297.9 | 313.5 | 333.8 |
| Housing Choice Voucher program income | 6.6 | 8.1 | 6.8 |
| Other operating revenues | 70.7 | 68.1 | 64.3 |
| Total operating revenues | 375.2 | 389.7 | 404.9 |
| Operating expenses: | | | |
| Interest on notes and bonds payable | 128.6 | 136.5 | 153.2 |
| Housing Choice Voucher program expense | 7.4 | 8.2 | 6.9 |
| Other operating expenses | 112.1 | 125.7 | 103.1 |
| Total operating expenses | 248.1 | 270.4 | 263.2 |
| Net operating income | 127.1 | 119.3 | 141.7 |
| Nonoperating revenues: | | | |
| Investment income | 56.3 | 15.5 | 11.0 |
| Unrealized gain/(loss) on derivatives | (0.9) | (2.6) | 6.4 |
| Pass-through grants received | 107.1 | 115.6 | 117.9 |
| Pass-through grants disbursed | (107.1) | (115.6) | (117.9) |
| Other nonoperating revenues | - | - | 0.2 |
| Total nonoperating revenues | 55.4 | 12.9 | 17.6 |
| Change in net assets | $ 182.5 | 132.2 | 159.3 |

The principal determinants of the Authority's change in net position (more commonly referred to as net revenues) are operating revenues less operating expenses plus nonoperating revenues, net.

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

***Fiscal Year 2019***

Operating revenues decreased $14.5 million or 3.7% from the prior year. The primarily factor was the decrease in interest on mortgage and other loans of $15.6 million or 5.0%, due to lower mortgage loan balances and increased usage of homeownership loan securitizations. Operating expenses for the year decreased $22.3 million or 8.2% from the prior year. The decrease was primarily the result of other operating expenses which decreased $13.6 million or 10.8%, due to year over year provision for loan losses.



(Continued)

Nonoperating revenues, net, increased by $42.5 million or 329.5% from the prior year, primarily as a result of unrealized gains on investments in the current year.

***Fiscal Year 2018***

Operating revenues decreased $15.2 million or 3.8% from the prior year. The primarily factor was the decrease in interest on mortgage and other loans of $20.3 million or 6.1%, due to lower mortgage loan balances and increased usage of homeownership loan securitizations.

Operating expenses for the year increased $7.2 million or 2.7% from the prior year. The increase was primarily the result of other operating expenses which increased $22.6 million or 21.9%, due to year over year provision for loan losses.

Nonoperating revenues, net, decreased by $4.7 million or 26.7% from the prior year, primarily as a result of unrealized losses on investment derivatives in the current year, partially offset by higher investment income.

**Other Economic Factors**

The Authority's mortgage loan financing activities are sensitive to the general level of involvement of the federal government in the housing and capital markets, the general level of interest rates, the interest rates and other characteristics of the Authority's mortgage loans compared to mortgage loan products available in the mortgage loan market, and the availability of 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 and FNMA 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. Short-term investment rates in the U.S. have begun to improve slightly to 2.18% in June 2019 from 1.77% in June 2018.

Delinquency and foreclosure rates in the homeownership loan portfolio, and to a lesser extent the rental housing loan portfolio, are influenced by unemployment and underemployment. Virginia's seasonally adjusted unemployment rate was 2.9% and 3.2% in June 2019 and 2018, respectively. Virginia underemployment rates, which include those no longer seeking employment and those employed only part-time who desire full-time work, were 6.4% and 7.2% in the fiscal year ended June 30, 2019 and 2018, respectively.

**Additional Information**

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

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# Independent Auditors' Report

The Board of Commissioners
Virginia Housing Development Authority:

## Report on the Financial Statements

We have audited the accompanying financial statements of the Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Virginia Housing Development Authority as of June 30, 2019 and 2018, and the respective changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

*Other Matters*

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, Retiree Healthcare Plan – Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios, and Retiree Healthcare Plan – Schedule of Contributions, on pages 2 through 10 and 61 through 62 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included on Schedules 3 through 6 on pages 63 through 68 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Net Position – June 30, 2019, Combining Schedule of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2019, Combining Schedule of Net Position – June 30, 2018, and Combining Schedule of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2018 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules 3 through 6 on pages 63 through 68 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2019 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.

KPMG LLP

Richmond, Virginia
September 12, 2019

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

Statements of Net Position

June 30, 2019 and 2018

| **Assets** | | **2019** | **2018** |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents (note 5) | $ | 836,538,905 | 875,347,516 |
| Interest receivable – investments | | 2,977,156 | 3,121,431 |
| Mortgage loans held for sale (note 1) | | 201,097,363 | 162,588,442 |
| Mortgage and other loans receivable, net (note 4) | | 160,067,281 | 158,078,162 |
| Interest receivable – mortgage and other loans | | 23,609,405 | 23,959,295 |
| Other real estate owned (note 1) | | 12,428,490 | 14,267,834 |
| Other assets | | 9,323,783 | 8,416,567 |
| Total current assets | | 1,246,042,383 | 1,245,779,247 |
| Noncurrent assets: | | | |
| Investments (note 5) | | 617,512,151 | 596,052,986 |
| Mortgage and other loans receivable (note 4) | | 5,446,197,199 | 5,568,986,594 |
| Less allowance for loan loss (note 1) | | 137,237,884 | 157,761,429 |
| Less net loan discounts | | 41,403,980 | 37,473,390 |
| Mortgage and other loans receivable, net | | 5,267,555,335 | 5,373,751,775 |
| Capital Assets, net of accumulated depreciation and amortization of $41,239,479 and $37,907,294, respectively (note 6) | | 27,572,387 | 22,603,035 |
| Mortgage servicing rights, net (note 1) | | 38,026,067 | 34,632,275 |
| Other assets | | 14,531,808 | 17,551,381 |
| Total noncurrent assets | | 5,965,197,748 | 6,044,591,452 |
| **Total assets** | | 7,211,240,131 | 7,290,370,699 |
| **Deferred outflows of resources** | | | |
| Other postemployment benefits - change in assumptions (note 1) | | 2,653,422 | 2,573,591 |
| Other postemployment benefits - difference between expected and actual experience (note 1) | | 1,200,594 | - |
| Other postemployment benefits - difference between projected and actual earning (note 1) | | 856,736 | - |
| **Total deferred outflows of resources** | | 4,710,752 | 2,573,591 |



(Continued)

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

Statements of Net Position

June 30, 2019 and 2018

| **Liabilities** | | **2019** | **2018** |
|---|---|---|---|
| Current liabilities: | | | |
| Notes and bonds payable (note 8) | $ | 557,775,484 | 576,393,288 |
| Accrued interest payable on notes and bonds | | 27,741,304 | 30,633,334 |
| Escrows (note 10) | | 31,413,723 | 33,652,835 |
| Derivative instruments (note 11) | | 2,218,223 | 1,357,461 |
| Accounts payable and other liabilities (note 12) | | 27,601,839 | 18,832,737 |
| Total current liabilities | | 646,750,573 | 660,869,655 |
| Noncurrent liabilities: | | | |
| Bonds payable, net (note 8) | | 2,929,584,329 | 3,170,287,045 |
| Project reserves (notes 10 and 16) | | 114,173,466 | 128,015,652 |
| Loan participation payable to Federal Financing Bank (note 9) | | 29,160,551 | 23,449,353 |
| Other liabilities (notes 12, 14, and 16) | | 30,078,121 | 24,848,644 |
| Total noncurrent liabilities | | 3,102,996,467 | 3,346,600,694 |
| **Total liabilities** | | 3,749,747,040 | 4,007,470,349 |
| **Deferred inflows of resources** | | | |
| Other postemployment benefits - difference between expected and actual experience (note 1) | | 186,913 | 207,681 |
| Other postemployment benefits - difference between projected and actual earnings (note 1) | | - | 1,729,015 |
| **Total deferred inflows of resources** | | 186,913 | 1,936,696 |
| **Net position (notes 1 and 15):** | | | |
| Net investment in capital assets (notes 1 and 15) | | 14,637,123 | 12,235,695 |
| Restricted by bond indentures (notes 1 and 15) | | 3,103,521,162 | 2,969,696,479 |
| Unrestricted (notes 1 and 15) | | 347,858,645 | 301,605,071 |
| **Total net position** | $ | 3,466,016,930 | 3,283,537,245 |

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

(A Component Unit of the Commonwealth of Virginia)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| Operating revenues: | | |
| Interest on mortgage and other loans receivable | $ 297,920,454 | 313,515,686 |
| Housing Choice Voucher program administrative income (note 1) | 6,570,517 | 8,089,646 |
| Other real estate owned income | - | 1,835,562 |
| Gains and recoveries on sale of other real estate owned | 1,655,153 | 4,485,482 |
| Gains on sale of single family mortgage loans | 22,297,234 | 21,147,087 |
| Mortgage servicing fees net of guaranty fees | 36,882,971 | 30,137,033 |
| Tax credit program fees earned | 6,200,599 | 5,644,577 |
| Other | 3,630,694 | 4,861,558 |
| Total operating revenues | 375,157,622 | 389,716,631 |
| Operating expenses: | | |
| Interest on notes and bonds payable | 128,573,732 | 136,499,308 |
| Salaries and related employee benefits (notes 12 and 13) | 58,151,563 | 55,490,578 |
| General operating expenses | 39,919,176 | 43,852,244 |
| Note and bond expenses | 513,773 | 362,860 |
| Bond issuance expenses | 2,182,331 | 2,069,765 |
| Housing Choice Voucher program expenses (note 1) | 7,409,446 | 8,195,612 |
| Mortgage servicing rights amortization and other servicing costs | 18,045,135 | 11,827,779 |
| Other real estate owned expenses | 165 | 1,344,848 |
| Losses on other real estate owned (note 1) | 1,657,844 | 2,138,776 |
| Provision for loan losses (note 1) | (8,377,208) | 8,586,343 |
| Total operating expenses | 248,075,957 | 270,368,113 |
| Operating income | 127,081,665 | 119,348,518 |
| Nonoperating revenues (losses): | | |
| Investment income (note 10) | 56,257,713 | 15,542,398 |
| Unrealized gain (loss) on derivative instruments (note 9) | (860,762) | (2,632,383) |
| Pass-through grant awards (note 1) | 107,087,128 | 115,634,605 |
| Pass-through grants expenses (note 1) | (107,087,128) | (115,634,605) |
| Other, net | 1,069 | 12,308 |
| Total nonoperating revenues, net | 55,398,020 | 12,922,323 |
| Change in net position | 182,479,685 | 132,270,841 |
| Total net position, beginning of year | 3,283,537,245 | 3,151,266,404 |
| Total net position, end of year | $ 3,466,016,930 | 3,283,537,245 |

See accompanying notes to basic financial statements.

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

Statements of Cash Flows

Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash payments for mortgage and other loans | $ (1,734,352,075) | (1,865,420,464) |
| Principal repayments on mortgage and other loans | 537,742,616 | 743,349,399 |
| Sale of mortgage loans | 1,164,409,255 | 1,301,666,242 |
| Interest received on mortgage and other loans | 302,549,696 | 322,424,251 |
| Housing Choice Voucher payments received | 7,480,043 | 8,653,015 |
| Housing Choice Voucher payments disbursed | (7,682,403) | (8,342,935) |
| Escrow and project reserve payments received | 205,354,966 | 257,591,771 |
| Escrow and project reserve payments disbursed | (221,436,265) | (243,483,300) |
| Other operating revenues | 79,240,843 | 68,441,897 |
| Cash received for loan origination fees and loan discounts | 10,239,437 | 3,044,625 |
| Cash paid for loan origination fees and loan premiums | (11,237,162) | (14,089,576) |
| Cash payments for salaries and related benefits | (58,394,091) | (54,151,084) |
| Cash payments for general operating expenses | (31,664,830) | (48,373,834) |
| Cash payments for servicing release premiums and guaranty fees | (33,107,353) | (29,093,091) |
| Proceeds from sale of other real estate owned | 33,069,777 | 48,118,432 |
| Disposition of other real estate owned property | (165) | 490,715 |
| Net cash provided by operating activities | 242,212,289 | 490,826,063 |
| Cash flows from noncapital financing activities: | | |
| Proceeds from issuance of notes and bonds | 318,155,000 | 202,795,003 |
| Proceeds from loan participation - FFB | 6,209,561 | 12,875,000 |
| Principal payments on notes and bonds | (577,637,882) | (653,925,769) |
| Principal payments on loan participation - FFB | (498,363) | (229,814) |
| Interest payments on notes and bonds | (131,303,398) | (143,429,610) |
| Cash payments for bond issuance expenses | (2,182,330) | (2,069,766) |
| Net cash used in noncapital financing activities | (387,257,412) | (583,984,956) |
| Cash flows from capital and related financing activities: | | |
| Purchases of capital assets | (5,287,487) | (1,789,280) |
| Proceeds from the sale of capital assets | - | 750 |
| Net cash used in capital and related financing activities | (5,287,487) | (1,788,530) |
| Cash flows from investing activities: | | |
| Purchases of investments | (8,000,000) | - |
| Proceeds from sales or maturities of investments | 79,915,212 | 47,217,671 |
| Interest received on investments | 39,608,787 | 28,804,487 |
| Net cash provided by investing activities | 111,523,999 | 76,022,158 |
| Net decrease in cash and cash equivalents | (38,808,611) | (18,925,265) |
| Cash and cash equivalents, at beginning of year | 875,347,516 | 894,272,781 |
| Cash and cash equivalents, at end of year | $ 836,538,905 | 875,347,516 |



(Continued)

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

Statements of Cash Flows

Years ended June 30, 2019 and 2018

| | | 2019 | 2018 |
|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | $ | 127,081,665 | 119,348,518 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation of capital assets | | 3,755,391 | 3,316,889 |
| Bond issuance costs | | 2,182,331 | 2,069,765 |
| Interest on notes and bonds payable | | 128,573,732 | 136,499,308 |
| (Increase)/decrease in mortgage loans held for sale | | (38,508,921) | 32,620,293 |
| Decrease in mortgage and other loans receivable | | 44,376,504 | 178,860,164 |
| (Decrease)/increase in the provision for loan loss | | (20,523,545) | 3,425,036 |
| Increase in net loan discounts | | 3,930,590 | 78,711 |
| Decrease in interest receivable – mortgage and other loans | | 349,890 | 1,188,151 |
| Decrease in other real estate owned | | 1,839,344 | 12,759,766 |
| Increase in mortgage servicing rights | | (3,393,792) | (9,206,010) |
| Decrease in other assets | | 2,112,357 | 293,851 |
| Increase in OPEB deferred outflows of resources | | (2,137,161) | (2,573,591) |
| (Decrease)/increase in OPEB deferred inflows of resources | | (1,749,783) | 1,936,696 |
| Increase/(decrease) in accounts payable and other liabilities | | 10,561,323 | (3,744,141) |
| (Decrease)/increase in escrows and project reserves | | (16,237,636) | 13,952,657 |
| Net cash provided by operating activities | $ | 242,212,289 | 490,826,063 |
| Supplemental disclosure of noncash activity: | | | |
| Increase in other real estate owned as a result of loan foreclosures | $ | 32,312,522 | 40,417,598 |
| Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments | $ | 76,423,772 | 108,655,883 |

See accompanying notes to basic financial statements.

## (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) and Federal National Mortgage Association (FNMA) guaranteed mortgage backed securities (see Note 1 (h)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

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

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

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

### *(c) Adoption of New Accounting Standards*

During the fiscal year ended June 30, 2019, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and the Authority early adopted Statement No. 87, *Leases*. The Authority's implementation of GASB Statements Nos. 88 and 87 did not have a material impact on the Authority's fiscal year 2019 financial statements upon adoption. Statement No. 88 did result in additional disclosures which are discussed in Note 8. Statement No. 87 resulted in change in accounting and financial reporting for the Authority's leased building which is discussed in Note 1(n) and Note 7 to the basic financial statements.

In January 2017 the GASB issued Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 2018 with early adoption permitted. The Authority elected to adopt the standard for fiscal year ended June 30, 2020. The standard establishes criteria for identifying and reporting fiduciary activities. The Authority is currently evaluating the potential impact of the standard on financial reporting at the timing of adoption.

### *(d) 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.

### *(e) 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.
- 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.

### *(f) Investments*

Investments include various debt and asset backed securities which are reported at fair value in the Statements of Net Position, with changes in fair value recognized in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt securities 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. The fair value of asset backed securities which include agency-mortgage backed securities are also 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.

### *(g) 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, 2019, the Authority had outstanding 71 forward sales transactions with a $423.5 million notional amount with five counterparties with concentrations and ratings (Standard & Poor's, Moody's Investors Service) as shown in Note 11. At June 30, 2018, the Authority had outstanding 61 forward sales transactions with a $381.0 million notional amount with four counterparties with concentrations and ratings (Standard & Poor's, Moody's Investors Service). The 2019 forward sales contracts will settle by September 19, 2019. These contracts are treated as investment derivative instruments and the change in fair value

is reported on the Statement of Revenues, Expenses, and Changes in Net Position as investment derivative loss.

### *(h) Mortgage Loans Held for Sale*

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

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

### *(i) Mortgage and Other Loans Receivable*

Mortgage and other loans receivable are stated at their unpaid principal balance, net of premiums and discounts and an allowance for loan losses. Pricing premiums and discounts are deferred and amortized, using the interest method, over the contractual life of the loans as an adjustment to yield. The interest method is computed on a loan-by-loan basis and any unamortized premiums and discounts on loans fully repaid are recognized as income in the year in which such loans are repaid.

### *(j) Allowance for Loan Losses*

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

The allowance for loan losses was decreased by $20,523,545 for the year ended June 30, 2019 and increased by $3,425,036 for the year ended June 30, 2018.

| | Year ended June 30 | |
|---|---|---|
| | **2019** | **2018** |
| Beginning balance, July 1 | $ 157,761,429 | 154,336,393 |
| Provision: | | |
| Homeownership | (1,874,076) | 6,268,541 |
| Rental Housing | (6,503,132) | 2,317,802 |
| Provision | (8,377,208) | 8,586,343 |
| Net (charge-offs)/recoveries: | | |
| Homeownership | (4,194,274) | (5,682,822) |
| Rental Housing | (7,952,063) | 521,515 |
| Net charge-offs | (12,146,337) | (5,161,307) |
| Net change | (20,523,545) | 3,425,036 |
| Ending balance, June 30 | $ 137,237,884 | 157,761,429 |

### *(k) 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 release premiums are paid when those mortgage loans are securitized through either GNMA or FNMA and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

### *(l) 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 Net Position.

### *(m) Capital Assets*

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

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

### *(n) Leases*

On July 1, 2018 the Authority entered into an agreement to lease an office building. The lease asset is reported as a capital asset, net of accumulated amortization, and as a current and non-current lease liability. Both the lease asset and lease liability are reported in the Statement of Net Position. Leasehold improvements are capitalized and amortized over the remaining life of the lease term. Further disclosure for the building lease is discussed in Note 7.

### *(o) Bond Issuance Expense*

Bond issuance costs are expensed in the period incurred.

### *(p) 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.

### *(q) Retirement Plans and Other Postemployment Benefit Plans*

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

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Plan adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. For purposes of measuring the net OPEB liability (asset), deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

### *(r) Compensated Absences*

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

### *(s) Related Party Transactions*

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

### *(t) 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 $74,420,231 and $70,220,663 during the years ended June 30, 2019 and 2018, respectively.

Excess HAP or administrative funds disbursed to the Authority were recorded as revenue and unrestricted net position in the Statements of Revenues, Expenses and Changes in Net Position and Statements of Net Position. Cumulative excess HAP funds totaled $600,694 and $329,370 as of June 30, 2019 and 2018, respectively. Cumulative excess administrative funds totaled $390,917 and as of June 30, 2019 and 2018, respectively. HUD monitors the utilization of these excess funds and adjusts funding levels prospectively to assure all funds are being used to serve families up to the maximum number of vouchers authorized for the program.

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

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

The Authority received and disbursed pass-through grants totaling $32,056,755 and $44,559,827 during the years ended June 30, 2019 and 2018, respectively. For the year ended June 30, 2019 the Authority did not receive nor disburse Section 236 Interest Reduction Payments from HUD. For year ended June 30, 2018 the Authority received and disbursed Section 236 Interest Reduction Payments from HUD totaling $238,998.

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

The Authority serves as an administrator for 36 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 receive nor disburse pass-through grants during the year ended June 30, 2019. The Authority received and disbursed pass-through grants totaling $615,116 during the year ended June 30, 2018.

### *(u) 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 balances associated with the Fund are recorded in assets and liabilities in the amounts of $9,510,952 and $7,693,336 as of June 30, 2019 and 2018, respectively.

The Housing Trust Fund (Trust Fund), established by the 2013 Session of the Virginia General Assembly, uses funds provided by the Commonwealth in that Session to make loans and grants for a wide variety of housing initiatives. DHCD develops the program guidelines and the Authority acts as administrator for the Trust Fund. The balances associated with the Trust Fund are recorded in assets and liabilities in the amounts of $12,700,644 and $8,747,807 as of June 30, 2019 and 2018, respectively.

Effective during the fiscal year ended June 30, 2019, the Authority became the custodial administrator for the National Housing Trust Fund on behalf of DHCD. The National Housing Trust Fund (National Trust) is a federal fund established through the Housing and Economic Recovery Act of 2008, it exclusively targets to help build, preserve, rehabilitate, and operate housing that is affordable to people with the lowest incomes. DHCD administers the program through the Affordable and Special Needs Housing application process. The balances associated with the National Trust are recorded in assets and liabilities in the amount of $1,631,870 as of June 30, 2019.

### *(v) Cash Equivalents*

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

### *(w) Rebatable Arbitrage*

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

***(x) Statements of Net Position***

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

***(y) Operating and Nonoperating Revenues and Expenses***

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

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

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period. See Note 15 for further discussion regarding deferred outflows of resources and deferred inflows of resources associated with the Authority's other postemployment benefits plan

**(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.

**(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, 2019 and 2018 were as follows:

| | June 30 | |
|---|---|---|
| | **2019** | **2018** |
| Restricted current assets: | | |
| Cash and cash equivalents | $ 815,784,981 | 867,628,544 |
| Interest receivable – investments | 1,054,113 | 1,241,088 |
| Mortgage loans held for sale | 201,097,363 | 162,588,442 |
| Mortgage and other loans receivable | 153,701,535 | 152,264,919 |
| Interest receivable – mortgage and other loans | 23,098,638 | 23,298,377 |
| Other real estate owned | 5,334,509 | 9,714,413 |
| Other assets | 89,729 | 146,839 |
| Total restricted current assets | 1,200,160,868 | 1,216,882,622 |
| Restricted noncurrent assets: | | |
| Investments | 614,508,215 | 592,494,611 |
| Mortgage and other loans receivable | 5,260,438,637 | 5,401,560,848 |
| Less allowance for loan loss | 103,492,640 | 115,731,451 |
| Less net loan discounts | 41,288,758 | 37,334,619 |
| Mortgage and other loans receivable, net | 5,115,657,239 | 5,248,494,778 |
| Net OPEB asset | 1,479,348 | 4,435,763 |
| Capital assets, net accumulated depreciation and amortization of $19,961,349 and $19,264,915 respectively | 9,709,599 | 10,406,033 |
| Total restricted noncurrent assets | 5,741,354,401 | 5,855,831,185 |
| Total restricted assets | $ 6,941,515,269 | 7,072,713,807 |



(Continued)

## (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 9.00% | Thirty to forty years |
| Rental Housing Bond Group | 0% to 13.11% | Thirty to forty years |
| Commonwealth Mortgage Bond Group | 0% to 10.38% | Thirty years |
| Homeownership Mortgage Bond Group | 2.00% to 5.88% | Thirty years |

Commitments to fund new loans were as follows at June 30, 2019:

| | | Committed |
|---|---|---|
| General Operating Loan Programs | $ | 11,250,000 |
| Rental Housing Bond Group | | 773,361,564 |
| Commonwealth Mortgage Bond Group | | 358,022,138 |
| Total | $ | 1,142,633,702 |

## (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, 2019 and 2018, the carrying amount of the Authority's deposits was $56,262,870 and $38,524,754, respectively. The associated bank balance of the Authority's deposits was $38,259,992 and $34,032,466 at June 30, 2019 and 2018, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency-mortgage backed securities, money market securities and other interest-bearing securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At June 30, 2019 and 2018, total cash equivalents were $780,276,035 and $836,822,762, respectively.

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



(Continued)

must be collateralized with U.S. Treasury or Agency securities with a fair value at least equal to 102% of the principal amount of the agreement.

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

### *(a) Interest Rate Risk*

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

As of June 30, 2019, the Authority had the following investments (including cash equivalents) and maturities:

| Investment type | Less than 1 year | 1-5 years | 6-10 years | Over 10 years | Total |
|---|---|---|---|---|---|
| U.S. government and agency | $ 124,280,050 | - | - | - | 124,280,050 |
| Repurchase agreements | 365,000,000 | | | | 365,000,000 |
| Asset-backed securities | - | - | - | 3,003,936 | 3,003,936 |
| Agency-mortgage backed securities | - | - | 457,936 | 614,050,279 | 614,508,215 |
| Money market securities | 290,995,985 | - | - | - | 290,995,985 |
| Total investments | $ 780,276,035 | - | 457,936 | 617,054,215 | 1,397,788,186 |

As of June 30, 2018, the Authority had the following investments (including cash equivalents) and maturities:

| Investment type | Less than 1 year | 1–5 years | 6–10 years | Over 10 years | Total |
|---|---|---|---|---|---|
| U.S. government and agency | $ 253,899,811 | - | - | - | 253,899,811 |
| Repurchase agreements | 360,000,000 | - | - | - | 360,000,000 |
| Asset-backed securities | - | - | - | 3,558,375 | 3,558,375 |
| Agency-mortgage backed securities | - | - | 643,640 | 591,850,971 | 592,494,611 |
| Money market securities | 199,802,926 | - | - | - | 199,802,926 |
| Other interest-bearing securities | 23,120,025 | - | - | - | 23,120,025 |
| Total investments | $ 836,822,762 | - | 643,640 | 595,409,346 | 1,432,875,748 |



(Continued)

On December 21, 2018, the Authority extended a pledge and security agreement with FNMA that requires the Authority to post collateral to secure its repurchase obligations with respect to the HFA Preferred Risk Sharing mortgage loans during the recourse period. The amount of required collateral is $64.0 million through December 31, 2019, compared to $59.0 million required collateral a year ago. To comply with the collateral requirement, the Authority elected to pledge agency-mortgage backed securities valued at $66.9 million and held in trust by a custodian agent for FNMA.

### *(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, 2019:

| | | Amount | S & P/ Moody's rating | Percentage of total investments | |
|---|---|---|---|---|---|
| Agency-Mortgage Backed Securities | $ | 614,508,215 | Aaa | 43.96 | % |
| Repurchase Agreements | | 365,000,000 | BBB- | 26.11 | |
| US Government & Agency | | 124,280,050 | Aaa | 8.89 | |
| Money Market Securities | | 286,700,850 | P-1 | 20.51 | |
| Money Market Securities | | 4,000,000 | NR | 0.29 | |
| Asset-Backed Securities | | 275,844 | A1 | 0.02 | |
| Asset-Backed Securities | | 1,802,034 | Ca | 0.13 | |
| Asset-Backed Securities | | 148,982 | A3 | 0.01 | |
| Asset-Backed Securities | | 777,076 | Caa3 | 0.06 | |
| Money Market Securities | | 295,135 | Aaa-mf | 0.02 | |
| Total investments | $ | 1,397,788,186 | | 100.00 | % |



(Continued)

The following table presents investment (including cash equivalents) exposure to credit risk by investment type as of June 30, 2018:

| | | Amount | S & P/ Moody's rating | Percentage of total investments | |
|---|---|---|---|---|---|
| Agency-Mortgage Backed Securities | $ | 592,494,611 | Aaa | 41.35 | % |
| Repurchase Agreements | | 360,000,000 | BBB- | 25.12 | |
| US Government & Agency | | 253,899,811 | Aaa | 17.72 | |
| Money Market Securities | | 195,568,689 | P-1 | 13.65 | |
| Other Interest-Bearing Instruments | | 23,120,025 | Aaa | 1.61 | |
| Money Market Securities | | 4,000,000 | NR | 0.28 | |
| Asset-Backed Securities | | 2,034,805 | Ca | 0.14 | |
| Asset-Backed Securities | | 671,666 | Caa2 | 0.05 | |
| Asset-Backed Securities | | 360,128 | A3 | 0.03 | |
| Asset-Backed Securities | | 298,301 | Caa3 | 0.02 | |
| Money Market Securities | | 234,237 | Aaa-mf | 0.02 | |
| Asset-Backed Securities | | 193,475 | Baa3 | 0.01 | |
| Total investments | $ | 1,432,875,748 | | 100.00 | % |

***(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, 2019 and 2018:



(Continued)

| Investment | S&P/Moody's rating | June 30, 2019 Amount | June 30, 2019 Percentage of total investments |
|---|---|---|---|
| **Agency-Mortgage Backed Securities** | | | |
| GNMA | Aaa | $ 614,508,215 | 44.0% |
| **Repurchase Agreements** | | | |
| Cantor Fitzgerald | BBB- | 365,000,000 | 26.1% |
| **Money Market Securities** | | | |
| US Bank Commercial Paper | P-1 | 212,174,267 | 15.2% |
| Toyota Motor Credit Commercial Paper | P-1 | 74,526,583 | 5.3% |
| | | $ 1,266,209,065 | 90.6% |

| Investment | S&P/Moody's rating | June 30, 2018 Amount | June 30, 2018 Percentage of total investments |
|---|---|---|---|
| **Agency-Mortgage Backed Securities** | | | |
| GNMA | Aaa | $ 592,494,611 | 41.4% |
| **Repurchase Agreements** | | | |
| Cantor Fitzgerald | BBB- | 360,000,000 | 25.1% |
| **Money Market Securities** | | | |
| US Bank Commercial Paper | P-1 | 120,957,189 | 8.4% |
| Toyota Motor Credit Commercial Paper | P-1 | 74,611,500 | 5.2% |
| | | $ 1,148,063,300 | 80.1% |

### *(d) Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Authority will not be able to recover the value of its investment of collateral securities that are in the possession of an outside party. For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the Authority may not recover its deposits. The Authority's deposits are insured by the federal depository insurance or collateralized under the provisions of the Virginia Security for Public Deposits Act. For investments, custodial risk is the risk that in the event of a failure of a counterparty, the Authority will not be able to recover the value of its investments. The Authority's market value of securities that were uninsured and held by a counterparty at June 30, 2019 and 2018:

| Investment | | Amount as of June 30, 2019 | Amount as of June 30, 2018 |
|---|---|---|---|
| Agency Backed Securities - Held by US Bank | $ | 3,003,936 | 3,558,375 |
| Money Market Securities - Held by Broker-Dealer | | 290,700,849 | 199,568,689 |
| | $ | 293,704,785 | 203,127,064 |

### *(e) Fair Value Hierarchy*

As of June 30, 2019, 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:

| | | | Fair value measurement using | | |
|---|---|---|---|---|---|
| Investment type | | June 30, 2019 | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Agency-mortgage backed securities | $ | 614,508,215 | - | 614,508,215 | - |
| Asset-backed securities | | 3,003,936 | - | 3,003,936 | - |
| Total investments | $ | 617,512,151 | - | 617,512,151 | - |

As of June 30, 2018, the Authority had the following investments (excluding cash equivalents) measured using the following fair value hierarchy categories:

| | | | Fair value measurement using | | |
|---|---|---|---|---|---|
| Investment type | | June 30, 2018 | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Agency-mortgage backed securities | $ | 592,494,611 | - | 592,494,611 | - |
| Asset-backed securities | | 3,558,375 | - | 3,558,375 | - |
| Total investments | $ | 596,052,986 | - | 596,052,986 | - |



(Continued)

## (6) Capital Assets

Activity in the capital assets' accounts for the year ended June 30, 2019 was as follows:

| | Balance June 30, 2018 | Additions | Disposals | Transfers | Balance June 30, 2019 |
|---|---|---|---|---|---|
| Land | $ 2,935,815 | - | - | - | 2,935,815 |
| Construction in process | 76,214 | 5,287,487 | - | (2,100,066) | 3,263,635 |
| Building | 38,261,618 | - | - | - | 38,261,618 |
| Leased Building | - | 3,437,256 | - | 150,326 | 3,587,582 |
| Furniture and equipment | 18,622,606 | - | (394,368) | 1,924,182 | 20,152,420 |
| Motor vehicles | 614,076 | - | (28,838) | 25,558 | 610,796 |
| | $ 60,510,329 | 8,724,743 | (423,206) | - | 68,811,866 |

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2019 was as follows:

| | Balance June 30, 2018 | Additions | Disposals | Transfers | Balance June 30, 2019 |
|---|---|---|---|---|---|
| Building | $ (21,505,112) | (1,325,532) | - | - | (22,830,644) |
| Leased Building | - | (687,824) | - | - | (687,824) |
| Furniture and equipment | (15,882,313) | (1,691,054) | 394,368 | - | (17,178,999) |
| Motor vehicles | (519,869) | (50,981) | 28,838 | - | (542,012) |
| | $ (37,907,294) | (3,755,391) | 423,206 | - | (41,239,479) |

Activity in the capital assets' accounts for the year ended June 30, 2018 was as follows:

| | Balance June 30, 2017 | Additions | Disposals | Transfers | Balance June 30, 2018 |
|---|---|---|---|---|---|
| Land | $ 2,935,815 | - | - | - | 2,935,815 |
| Building | 38,080,738 | 47,620 | - | 133,260 | 38,261,618 |
| Furniture and equipment | 17,014,419 | 1,122,729 | (435,155) | 920,613 | 18,622,606 |
| Motor vehicles | 665,469 | 23,210 | (74,603) | - | 614,076 |
| Construction in process | 534,366 | 595,721 | - | (1,053,873) | 76,214 |
| | $ 59,230,807 | 1,789,280 | (509,758) | - | 60,510,329 |



(Continued)

Activity in the related accumulated depreciation and amortization accounts during the year ended June 30, 2018 was as follows:

| | Balance June 30, 2017 | Additions | Disposals | Transfers | Balance June 30, 2018 |
|---|---|---|---|---|---|
| Building | $ (20,183,489) | (1,321,623) | - | - | (21,505,112) |
| Furniture and equipment | (14,393,292) | (1,919,833) | 430,812 | - | (15,882,313) |
| Motor vehicles | (519,039) | (75,433) | 74,603 | - | (519,869) |
| | $ (35,095,820) | (3,316,889) | 505,415 | - | (37,907,294) |

## (7) Leases

On July 1, 2018 the Authority entered into an agreement to lease an office building. The lease term is 5 years, with two options to renew at one year each. The Authority does not plan to exercise the renewal options. Annual rent expense for year ended June 30, 2019 is $596,255. As of June 30, 2019 the leased asset is valued as a depreciable capital asset at $2,771,981 including accumulated amortization of $665,275, and excluding the effects of leasehold improvements. Leasehold improvements as of June 30, 2019 are valued at $127,777.



(Continued)

The principal payment obligations and associated interest related to the building lease commencing July 1, 2019 and thereafter are as follows:

| Year ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2020 | $ 638,513 | 94,783 | 733,296 |
| 2021 | 680,152 | 71,323 | 751,475 |
| 2022 | 724,086 | 46,340 | 770,426 |
| 2023 | 770,008 | 19,756 | 789,764 |
| 2024 | 134,315 | 599 | 134,914 |
| Total | $ 2,947,074 | 232,801 | 3,179,875 |

**(8) Notes and Bonds Payable**

Notes and bonds payable at June 30, 2018 and June 30, 2019 and changes for the year ended June 30, 2019 were as follows:

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| General operating accounts: | | | | |
| Revolving line of credit: | | | | |
| Bank of America floating daily rate (rate of 3.098% at June 30, 2019) termination date of December 1, 2019 | $ - | 80,000 | 80,000 | - |
| Federal Home Loan Bank varying fixed rate notes with 90-day maturities (average of 2.51% at June 30, 2019 and 1.97% at June 30, 2018), maturities range from July 9, 2019 to September 10, 2019 | 445,300 | - | - | 445,300 |
| Total general operating accounts | $ 445,300 | 80,000 | 80,000 | 445,300 |


(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| Rental housing bond group: | | | | |
| 2009 Series A, dated February 26, 2009, 6.80% effective interest rate, final due date March 1, 2039 | $ 63,065 | - | 63,065 | - |
| 2009 Series B, dated March 26, 2009, 5.54% effective interest rate, final due date June 1, 2043 | 25,530 | - | 25,530 | - |
| 2009 Series C/D, dated March 30, 2009, 4.53% effective interest rate, final due date November 1, 2018 | 19,110 | - | 19,110 | - |
| 2009 Series E, dated September 24, 2009, 4.74% effective interest rate, final due date October 1, 2044 | 44,610 | - | 44,610 | - |
| 2009 Series F, dated November 25, 2009, 4.87% effective interest rate, final due date December 1, 2044 | 43,430 | - | 43,430 | - |
| 2010 Series A, dated March 23, 2010, 4.79% effective interest rate, final due date April 1, 2045 | 18,930 | - | 260 | 18,670 |
| 2010 Series B, dated April 27, 2010, 4.74% effective interest rate, final due date June 1, 2045 | 20,225 | - | 415 | 19,810 |
| 2010 Series C, dated July 28, 2010, 4.61% effective interest rate, final due date August 1, 2045 | 10,640 | - | 210 | 10,430 |
| 2010 Series D, dated August 26, 2010, 4.31% effective interest rate, final due date September 1, 2040 | 28,540 | - | 795 | 27,745 |
| 2010 Series E, dated October 7, 2010, 4.19% effective interest rate, final due date October 1, 2045 | 34,030 | - | 775 | 33,255 |
| 2010 Series F, dated December 2, 2010, 4.86% effective interest rate, final due date January 1, 2041 | 17,425 | - | 450 | 16,975 |
| 2011 Series A, dated May 24, 2011, 4.92% effective interest rate, final due date May 1, 2041 | 10,250 | - | 260 | 9,990 |
| 2011 Series B, dated September 27, 2011, 4.27% effective interest rate, final due date October 1, 2041 | 13,425 | - | 360 | 13,065 |


(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| 2011 Series C, dated December 8, 2011, 4.24% effective interest rate, final due date December 1, 2038 | $ 17,065 | - | 555 | 16,510 |
| 2011 Series D, dated December 8, 2011, 4.93% effective interst rate, final due date January 1, 2039 | 135,415 | - | 4,045 | 131,370 |
| 2012 Series A, dated February 28, 2012, 3.60% effective interest rate, final due date March 1, 2042 | 31,135 | - | 895 | 30,240 |
| 2012 Series B/C, dated August 21, 2012, 3.64% effective interest rate, final due date August 1, 2042 | 103,840 | - | 2,760 | 101,080 |
| 2012 Series D dated October 30, 2012, 4.02% effective interest rate, final due date October 1, 2042 | 201,310 | - | 5,295 | 196,015 |
| 2012 Series E dated November 2, 2042, 3.16% effective interest rate, final due date November 1, 2042 | 9,700 | - | 270 | 9,430 |
| 2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043 | 31,130 | - | 865 | 30,265 |
| 2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043 | 148,205 | - | 4,000 | 144,205 |
| 2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043 | 102,320 | - | 2,475 | 99,845 |
| 2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043 | 19,495 | - | 510 | 18,985 |
| 2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043 | 55,545 | - | 1,220 | 54,325 |
| 2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043 | 9,855 | - | 225 | 9,630 |
| 2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049 | 12,300 | - | 220 | 12,080 |


(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| 2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044 | $ 8,580 | - | 215 | 8,365 |
| 2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044 | 126,815 | - | 3,020 | 123,795 |
| 2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045 | 37,725 | - | 945 | 36,780 |
| 2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045 | 11,230 | - | 285 | 10,945 |
| 2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045 | 22,275 | - | 540 | 21,735 |
| 2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045 | 34,285 | - | 750 | 33,535 |
| 2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045 | 80,985 | - | 1,815 | 79,170 |
| 2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046 | 4,740 | - | 120 | 4,620 |
| 2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046 | 83,145 | - | 15,720 | 67,425 |
| 2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046 | 4,625 | - | 60 | 4,565 |
| 2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046 | 13,575 | - | 5,865 | 7,710 |
| 2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049 | 28,160 | - | 200 | 27,960 |
| 2017 Series B dated June 13, 2017, 2.84% effective interest rate, final due date June 1, 2047 | 14,170 | - | - | 14,170 |


(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| 2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047 | $ 2,860 | - | - | 2,860 |
| 2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047 | 5,600 | - | - | 5,600 |
| 2017 Series E dated December 5, 2017, 3.19% effective interest rate, final due date December 1, 2050 | 54,130 | - | - | 54,130 |
| 2018 Series A dated March 27, 2018, 3.43% effective interest rate, final due date March 1, 2053 | 48,750 | - | - | 48,750 |
| 2018 Series B dated June 5, 2018, 3.70% effective interest rate, final due date June 1, 2053 | 30,455 | - | - | 30,455 |
| 2018 Series C dated August 28, 2018, 3.51% effective interest rate, final due date August 1, 2053 | - | 23,145 | - | 23,145 |
| 2018 Series D dated October 2, 2018, 3.74% effective interest rate, final due date October 1, 2053 | - | 74,395 | - | 74,395 |
| 2018 Series E dated December 4, 2018, 3.85% effective interest rate, final due date December 1, 2049 | - | 43,090 | - | 43,090 |
| 2019 Series A dated March 26, 2019, 3.53% effective interest rate, final due date March 1, 2054 | - | 80,425 | - | 80,425 |
| 2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054 | - | 17,100 | - | 17,100 |
| | 1,838,630 | 238,155 | 252,140 | 1,824,645 |
| Unamortized premium | 61 | | | - |
| Total rental housing bonds | $ 1,838,691 | | | 1,824,645 |



(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| Commonwealth mortgage bonds group: | | | | |
| 2002 Series E/F/G, dated December 17, 2002, 5.25% effective interest rate, final due date December 25, 2032 | $ 7,333 | - | 879 | 6,454 |
| 2004 Series B, dated June 10, 2004, 5.76% effective interest rate, final due date June 25, 2034 | 1,662 | - | 268 | 1,394 |
| 2006 Series A/B, dated April 27, 2006, 5.69% effective interest rate, final due date March 25, 2036 | 1,374 | - | 1,374 | - |
| 2006 Series C, dated June 8, 2006, 6.25% effective interest rate, final due date June 25, 2034 | 10,581 | - | 1,573 | 9,008 |
| 2008 Series A, dated March 25, 2008, 6.10% effective interest rate, final due March 25, 2038 | 18,627 | - | 3,335 | 15,292 |
| 2008 Series B, dated April 10, 2008, 6.15% effective interest rate, final due date March 25, 2038 | 28,558 | - | 3,990 | 24,568 |
| 2008 Series C, dated November 18, 2008, 6.49% effective interest rate, final due date June 25, 2038 | 10,358 | - | 2,820 | 7,538 |
| 2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026 | 70,200 | - | 8,600 | 61,600 |
| 2012 Series B/C, dated December 20, 2012, 3.28% effective interest rate, final due date July 1, 2039. | 541,755 | - | 114,735 | 427,020 |


(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| 2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042 | $ 43,298 | - | 5,791 | 37,507 |
| 2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043 | 73,729 | - | 11,801 | 61,928 |
| 2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043 | 57,741 | - | 6,777 | 50,964 |
| 2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037 | 73,122 | - | 8,502 | 64,620 |
| 2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2045 | 99,795 | - | 10,492 | 89,303 |
| 2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041 | 109,546 | - | 15,133 | 94,413 |
| 2017 Series A, dated June 13, 2017, 3.125% effective interest rate, final due date November 25, 2039 | 126,475 | - | 17,635 | 108,840 |
| | 1,274,154 | - | 213,705 | 1,060,449 |
| Unamortized discount | (1,209) | | | (985) |
| Total commonwealth mortgage bonds group | $ 1,272,945 | | | 1,059,464 |



(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| | | (Dollars in thousands) | | |
| Homeownership mortgage bonds group: | | | | |
| 2010 Series A, dated February 10, 2010, 4.04% effective interest rate, final due date September 1, 2021 | $ 18,430 | - | 5,200 | 13,230 |
| 2010 Series B, dated October 29, 2010, 3.49% effective interest rate, final due date March 1, 2022 | 23,200 | - | 7,200 | 16,000 |
| 2011 Series A, dated June 14, 2011, 3.58% effective interest rate, final due date March 1, 2024 | 23,700 | - | 2,900 | 20,800 |
| 2011 Series B, dated September 27, 2011, 3.41% effective interest rate, final due date September 1, 2024 | 31,950 | - | 6,000 | 25,950 |
| 2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042 | 92,464 | - | 10,493 | 81,971 |
| Total homeownership mortgage bonds group | 189,744 | - | 31,793 | 157,951 |
| Total | $ 3,746,680 | | | 3,487,360 |

Notes and bonds payable at June 30, 2018 and June 30, 2019 and changes for the year ended June 30, 2018 were summarized as follows (amounts in thousands):

| Description | Balance at June 30, 2018 | Increases | Decreases | Balance at June 30, 2019 | Due within one year |
|---|---|---|---|---|---|
| Notes from direct borrowings | $ 445,300 | 80,000 | 80,000 | 445,300 | 445,300 |
| Rental housing bonds group direct placements | 250,525 | - | 6,475 | 244,050 | 6,700 |
| Rental housing bonds group | 1,588,166 | 238,155 | 245,726 | 1,580,595 | 32,655 |
| Commonwealth mortgage bonds group | 1,272,945 | 224 | 213,705 | 1,059,464 | 53,799 |
| Homeownership mortgage bonds group | 189,744 | - | 31,793 | 157,951 | 19,321 |
| Total | $ 3,746,680 | 318,379 | 577,699 | 3,487,360 | 557,775 |


(Continued)

Notes and bonds payable at June 30, 2017 and June 30, 2018 and changes for the year ended June 30, 2018 were summarized as follows (amounts in thousands):

| Description | Balance at June 30, 2017 | Increases | Decreases | Balance at June 30, 2018 | Due within one year |
|---|---|---|---|---|---|
| Notes from direct borrowings | $ 461,300 | 61,000 | 77,000 | 445,300 | 445,300 |
| Rental housing bonds group direct placements | 256,790 | - | 6,265 | 250,525 | 6,375 |
| Rental housing bonds group | 1,614,651 | 141,795 | 168,280 | 1,588,166 | 52,990 |
| Commonwealth mortgage bonds group | 1,632,614 | 251 | 359,920 | 1,272,945 | 54,243 |
| Homeownership mortgage bonds group | 233,424 | - | 43,680 | 189,744 | 17,485 |
| Total | $ 4,198,779 | 203,046 | 655,145 | 3,746,680 | 576,393 |

Current and noncurrent amounts of notes and bonds payable at June 30, 2019 and 2018 were as follows:

| | June 30 2019 | 2018 |
|---|---|---|
| Notes and bonds payable - current | $ 557,775,484 | 576,393,288 |
| Bonds payable - noncurrent | 2,929,584,329 | 3,170,287,045 |
| Total | $ 3,487,359,813 | 3,746,680,333 |

From time to time, the Authority has participated in refundings, 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, 2019 and 2018. The Authority had redemptions of $290,540,000 and $321,410,000 during the years ended June 30, 2019 and 2018, respectively.



(Continued)

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing July 1, 2019 and thereafter are as follows:

| | Bonds | | Direct Placements & Direct Borrowings | | |
|---|---|---|---|---|---|
| Year ending June 30 | Outstanding principal | Current interest | Outstanding principal | Current interest | Total debt service |
| 2020 | $ 105,775,484 | 102,063,154 | 452,000,000 | 20,677,177 | 680,515,815 |
| 2021 | 94,310,000 | 99,183,113 | 6,930,000 | 9,235,683 | 209,658,796 |
| 2022 | 104,720,000 | 96,786,595 | 7,170,000 | 8,962,088 | 217,638,683 |
| 2023 | 118,420,000 | 93,885,559 | 7,415,000 | 8,679,066 | 228,399,625 |
| 2024 | 84,100,000 | 90,841,203 | 7,670,000 | 8,386,227 | 190,997,430 |
| 2025-2029 | 354,975,000 | 417,850,345 | 42,495,000 | 37,173,974 | 852,494,319 |
| 2030-2034 | 402,109,906 | 351,172,790 | 50,355,000 | 28,178,927 | 831,816,623 |
| 2033-2039 | 471,709,894 | 263,136,089 | 59,675,000 | 17,514,097 | 812,035,080 |
| 2040-2044 | 886,019,820 | 131,120,532 | 55,640,000 | 5,009,526 | 1,077,789,878 |
| 2045-2049 | 125,405,000 | 20,280,623 | - | - | 145,685,623 |
| 2050-2054 | 51,450,000 | 4,677,290 | - | - | 56,127,290 |
| Total | $ 2,798,995,104 | 1,670,997,293 | 689,350,000 | 143,816,765 | 5,303,159,162 |



(Continued)

The principal payment obligations related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing July 1, 2019 and thereafter are as follows:

| Year ending June 30 | General fund notes | Rental housing bonds | Rental housing bonds direct placement | Commonwealth mortgage bonds | Homeownership mortgage bonds | Total principal |
|---|---|---|---|---|---|---|
| 2020 | $ 445,300,000 | 32,655,000 | 6,700,000 | 53,799,162 | 19,321,322 | 557,775,484 |
| 2021 | - | 45,310,000 | 6,930,000 | 32,900,000 | 16,100,000 | 101,240,000 |
| 2022 | - | 57,990,000 | 7,170,000 | 32,200,000 | 14,530,000 | 111,890,000 |
| 2023 | - | 73,320,000 | 7,415,000 | 32,500,000 | 12,600,000 | 125,835,000 |
| 2024 | - | 41,630,000 | 7,670,000 | 29,870,000 | 12,600,000 | 91,770,000 |
| 2025-2029 | - | 226,405,000 | 42,495,000 | 125,420,000 | 3,150,000 | 397,470,000 |
| 2030-2034 | - | 276,430,000 | 50,355,000 | 125,679,906 | - | 452,464,906 |
| 2035-2039 | - | 338,975,000 | 59,675,000 | 132,734,894 | - | 531,384,894 |
| 2040-2044 | - | 311,025,000 | 55,640,000 | 495,345,517 | 79,649,303 | 941,659,820 |
| 2045-2049 | - | 125,405,000 | - | - | - | 125,405,000 |
| 2050-2054 | - | 51,450,000 | - | - | - | 51,450,000 |
| Total | $ 445,300,000 | 1,580,595,000 | 244,050,000 | 1,060,449,479 | 157,950,625 | 3,488,345,104 |

The associated interest related to all note and bond indebtedness commencing July 1, 2019 and thereafter are as follows:

| Year ending June 30 | General fund interest | Rental housing interest | Rental housing bonds direct placement | Commonwealth interest | Homeownership interest | Total interest |
|---|---|---|---|---|---|---|
| 2020 | $ 11,177,030 | 59,498,643 | 9,500,147 | 37,206,446 | 5,358,065 | 122,740,331 |
| 2021 | - | 58,951,982 | 9,235,683 | 35,597,749 | 4,633,382 | 108,418,796 |
| 2022 | - | 57,846,691 | 8,962,088 | 34,855,086 | 4,084,818 | 105,748,683 |
| 2023 | - | 56,291,989 | 8,679,066 | 34,042,718 | 3,550,852 | 102,564,625 |
| 2024 | - | 54,596,426 | 8,386,227 | 33,165,450 | 3,079,327 | 99,227,430 |
| 2025-2029 | - | 251,116,152 | 37,173,973 | 153,729,757 | 13,004,437 | 455,024,319 |
| 2030-2034 | - | 203,671,936 | 28,178,927 | 134,557,842 | 12,943,012 | 379,351,717 |
| 2035-2039 | - | 140,289,061 | 17,514,097 | 109,904,016 | 12,943,012 | 280,650,186 |
| 2040-2044 | - | 67,001,176 | 5,009,526 | 55,749,542 | 8,369,814 | 136,130,058 |
| 2045-2049 | - | 20,280,623 | - | - | - | 20,280,623 |
| 2050-2054 | - | 4,677,290 | - | - | - | 4,677,290 |
| Total | $ 11,177,030 | 974,221,969 | 132,639,734 | 628,808,606 | 67,966,719 | 1,814,814,058 |



(Continued)

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

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

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

The Authority entered into a $100 million revolving credit agreement on December 1, 2015 with the Bank of America to provide funds for general corporate purposes specifying a scheduled expiration date after one year, which may be extended from time to time but in no event later than December 1, 2025. The revolving credit agreement was amended on October 31, 2018 to specify the next scheduled expiration date as December 1, 2019. Under the terms of this agreement, interest on any advances is charged at a rate equal to the daily floating LIBOR rate for deposits with one month maturity plus a margin ranging from 70 to 105 basis points per annum based upon the Authority's long-term credit ratings. As of June 30, 2019, the borrowing rate was 3.098%; however, there was no outstanding balance as of June 30, 2019 and as of June 30, 2018. The Authority is in compliance with all debt covenant requirements.

The Authority maintains a $1.3 billion credit agreement with the FHLB of Atlanta, whereby FHLB of Atlanta may advance funds that are secured by cash, mortgage loans and government agency securities held in FHLB of Atlanta as collateral. As of June 30, 2019, there was $498 million in mortgage backed securities pledged to FHLB Atlanta. As of June 30, 2018, there was $454.0 million in mortgage backed securities pledged to FHLB Atlanta. Interest on any advance can be charged either under a floating daily rate or a fixed rate with a stated maturity not to exceed either one year for daily rate or twenty years for fixed rate loans. As of June 30, 2019 there were ten 90 day fixed rate borrowings: four for a total of $187.0 million at 2.55%, three for a total of $124.6 million at 2.57%, and three for a total of $133.7 million at 2.41%. The Authority is in compliance with all debt covenant requirements. At June 30, 2019 and 2018, there was $445.3 million outstanding.

**(9) Loan Participation Payable to Federal Financing Bank**

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

Under the program established by the Risk-Sharing Act (the "Risk-Sharing Program"), the Authority retains underwriting, mortgage loan management and property disposition functions and responsibility for defaulted loans. Following default under a mortgage loan subject to a HUD contract of mortgage insurance under the Risk-Sharing Program, HUD agrees to make an initial claim payment of 100% of the loan's unpaid principal balance and accrued interest, subject to certain adjustments that passes through the Authority to FFB. After a period during which the Authority may work toward curing the default, foreclosing the mortgage, or reselling the related project, any losses are calculated and apportioned between the Authority and HUD according to a specified risk-sharing percentage determined at the time of its endorsement for insurance. At its 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:



(Continued)

| Description | Balance at June 30, 2018 | Issued | Retired | Balance at June 30, 2019 |
|---|---|---|---|---|
| Participation certificates outstanding: | | | | |
| Colonnade at Rocktown II - Note rate of 4.68% risk-share percentage (10% HUD/90% VHDA) pass-through rate of 3.45% maturity date May 1, 2047 | $ 2,956,985 | - | 49,439 | 2,907,546 |
| Wilsondale II - Note rate of 4.47% risk-share percentage (10% HUD/ 90% VHDA) pass-through rate of 3.12% maturity date July 1, 2047 | 7,684,257 | - | 131,782 | 7,552,475 |
| 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 | 5,562,201 | - | 77,846 | 5,484,355 |
| Twin Canal Village - Note rate of 3.82% risk-share percentage (10% HUD/90% VHDA) pass-through rate of 3.18% maturity date April 1, 2043 | 7,245,910 | - | 178,479 | 7,067,431 |
| Treesdale - Note rate of 4.22% risk-share percentage (10% HUD/ 90% VHDA) pass-through rate of 3.30% maturity date November 1, 2048 | - | 3,746,000 | 36,689 | 3,709,311 |
| Landing at Weyers Cave - Note rate of 4.22% risk-share percentage (10% HUD/90% VHDA) pass-through rate of 3.30% maturity date November 1, 2048 | - | 2,463,561 | 24,128 | 2,439,433 |
| Total participation certificates payable | $ 23,449,353 | 6,209,561 | 498,363 | 29,160,551 |

## (10) 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 16). The Authority invests these funds and, for project reserves, allows earnings to accrue to the benefit of the mortgagor.


(Continued)

At June 30, 2019 and 2018, these escrows and project reserves were presented in the Authority's Statements of Net Position as follows:

| | June 30 | |
|---|---|---|
| | 2019 | 2018 |
| Escrow - current | $ 31,413,723 | 33,652,835 |
| Project reserves - noncurrent | 114,173,466 | 128,015,652 |
| Total | $ 145,587,189 | 161,668,487 |

The Authority also holds escrow funds and unremitted payments for third party investors, including GNMA and FNMA which are required to be held in trust accounts for the investors. These funds are not assets of the Authority and therefore are not included in the Statements of Net Position. At June 30, 2019 and 2018, there were $62.0 million and $56.0 million in these trust accounts, respectively.

## (11) Derivative Instruments

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

The outstanding forward contracts, summarized by counterparty rating as of June 30, 2019 were as follows:

| Counterparty rating | Count | Par | Concentration | Notional amount | Fair value | Fair value asset (liability) |
|---|---|---|---|---|---|---|
| A-1+/AA+ | 22 | $ 154,000,000 | 36.4% | $ 158,107,305 | $ 158,738,438 | $ (631,133) |
| A-1/A+ | 28 | 135,500,000 | 32.0% | 139,088,301 | 139,985,078 | (896,777) |
| A-1/A+ | 14 | 92,000,000 | 21.7% | 94,262,344 | 94,756,406 | (494,062) |
| A-1/A | 2 | 16,000,000 | 3.8% | 16,347,969 | 16,393,750 | (45,781) |
| Baa2/BBB | 5 | 26,000,000 | 6.1% | 26,733,594 | 26,884,063 | (150,469) |
| | 71 | $ 423,500,000 | 100.0% | $ 434,539,513 | $ 436,757,735 | $ (2,218,222) |



(Continued)

The outstanding forward contracts, summarized by counterparty as of June 30, 2018, were as follows:

| Counterparty rating | Count | Par | Concentration | Notional amount | Fair value | Fair value asset (liability) |
|---|---|---|---|---|---|---|
| A-1+/AA+ | 31 | $ 195,000,000 | 51.2% | $ 197,885,156 | $ 198,615,000 | $ (729,844) |
| A-1/A+ | 19 | 120,500,000 | 31.6% | 123,101,601 | 123,509,453 | (407,852) |
| A-1+/AA- | 5 | 39,500,000 | 10.4% | 40,593,008 | 40,662,422 | (69,414) |
| Baa2/BBB | 6 | 26,000,000 | 6.8% | 26,137,305 | 26,287,656 | (150,351) |
| | 61 | $ 381,000,000 | 100.0% | $ 387,717,070 | $ 389,074,531 | $ (1,357,461) |

## (12) Investment Income and Arbitrage Liabilities

The amount of investment income the Authority may earn with respect to certain tax-exempt bond issues in the Commonwealth Mortgage Bond Group, Homeownership Bond Group, and Rental Housing Bond Group, is limited by certain federal legislation. Earnings in excess of the allowable amount must be rebated to the U.S. Department of the Treasury. These excess earnings are recorded in accounts payable and other liabilities. No rebates were paid and no rebate liability existed as of June 30, 2019 and 2018.

## (13) Net Position

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

Unrestricted net position represents those portions of the total net position set aside for current utilization and tentative plans for future utilization of such net position. As of June 30, 2019 and 2018, 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.

## (14) 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, 2019 and 2018 was $4,206,198 and $4,140,153, respectively.



(Continued)

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 wage 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, 2019 and 2018, included in other liabilities is an employee compensated absences accrual of $4,854,151and $4,766,585, respectively (Note 16).

## (15) Other Postemployment Benefits

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

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

The Plan is a single-employer defined benefit 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 Trust, an irrevocable trust to be used solely for providing benefits to eligible participants in the Plan. Assets of the Trust are irrevocable and legally protected from creditors and dedicated to providing post-employment reimbursement of eligible medical, dental and vision expenses to current and eligible future retirees and their spouses, in accordance with the terms of the Plan.

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

At January 1, 2019, participants in the Plan consisted of the following:

| | |
|---|---|
| Active employees | 404 |
| Inactive plan members (retirees) receiving benefits | 115 |
| Total Participants | 519 |

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% not to exceed 150% of the annual premium for preferred provider organization medical plan offered that year if the participant is under age 65 or not

to exceed 75% 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.

***(b) Contributions***

Plan documents note that all benefits under the Plan shall be funded by the Authority. The Authority establishes contribution rates based on the actuarially determined contribution rate. The Authority supplements the actuarially determined rate by ensuring the Plan is additionally funded based on a percentage of budgeted payroll plus administrative fees incurred by the Plan. The Authority pays benefits and administrative fees on behalf of the Plan on an annual basis. The contribution rates rate range between 4.5% to 5.5% of covered payroll. For the years ended December 31, 2018 and December 31, 2017, the Authority's contributions to the Plan were $1,952,210 and $1,758,037, respectively. At June 30, 2019 and June 30, 2018, the Authority reported no outstanding amount of contributions to the Plan required for the years ended December 31, 2018 and December 31, 2017.

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

For the years ended June 30, 2019 and June 30, 2018, the Authority recognized OPEB expense of $1,450,253 and $460,949, respectively. At June 30, 2019, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| Year ending June 30, 2019 | | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ | 1,200,594 | 186,913 |
| Net difference between projected and actual earnings on OPEB Plan investments | | 856,736 | - |
| Changes of assumptions | | 2,653,422 | - |
| Total | $ | 4,710,752 | 186,913 |



(Continued)

At June 30, 2018, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

| Year ending June 30, 2018 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | 207,681 |
| Net difference between projected and actual earnings on OPEB Plan investments | - | 1,729,015 |
| Changes of assumptions | 2,573,591 | - |
| Total | $ 2,573,591 | 1,936,696 |

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, 2019 | | |
|---|---|---|
| 2020 | $ | 496,489 |
| 2021 | | 496,489 |
| 2022 | | 496,490 |
| 2023 | | 928,744 |
| 2024 | | 390,369 |
| Thereafter | | 1,715,258 |
| | $ | 4,523,839 |

As of June 30, 2018 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, 2018 | | |
|---|---|---|
| 2019 | $ | (195,663) |
| 2020 | | (195,662) |
| 2021 | | (195,663) |
| 2022 | | (195,663) |
| 2023 | | 236,591 |
| Thereafter | | 1,182,955 |
| | $ | 636,895 |



(Continued)

### *(d) Actuarial Assumptions*

The Authority's net OPEB liability (asset) was measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|---|---|
| **Valuation Date** | January 1, 2019 |
| **Actuarial Cost Method** | Entry-Age Normal percentage of Salary |
| **Amortization Method** | Level Percentage of Pay, Open |
| **Amortization Period** | 20 years |
| **Asset Valuation Method** | Fair Value |
| **Actuarial Assumptions** | |
| Inflation Rate | 2.4 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 2019 grading uniformly to 6.75 percent over 3 years and following the Getzen model thereafter to an ultimate rate of 3.9 percent in the year 2076; the Retiree Credit Matrix will increase at 5 percent, per annum. |
| Participation rate | 95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 75 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; 60 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their female spouses. |
| Medical Claims Cost | The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age. |

| | **Age 65 Cost Male** | **Age 65 Cost Female** |
|---|---|---|
| Retiree/Spouse: | $17,041 | $15,524 |

| | |
|---|---|
| Age Variance | Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013. |



(Continued)

The assumptions were updated to reflect changes in the mortality rates, medical trends, and aging assumptions. The revised mortality rates were based on the RP-2014 Total Dataset Mortality Table with Scale MP2018. The medical trend was revised from 5.0% graded over 12 years beginning in 2017 to 7.5% in 2019 grading uniformly to 6.75% over 3 years and following the Getzen model thereafter.

The aging assumption used to determine the claims cost at each age was changed from a flat, unisex 3% increase per year of year to the sex distinct aging factors based on the Dale Yamamoto study released by the Society of Actuaries in June 2013.

The valuation also reflects the impact of the Cadillac tax, which was created as part of the Affordable Care Act, which will go into effect in 2022. This excise tax has been valued at 40% of the difference between trending claims cost and the excise tax cost threshold and assumes an annual increase of 3.0% in 2022 and thereafter.

***(e) Net OPEB Liability (Asset) at June 30, 2019 and June 30, 2018***

The net OPEB asset (NOA) represent 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 statement of net position as an other non-current asset. As of June 30, 2019, the NOA amounts are as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability | Plan Net Position | Net OPEB Liability |
| Balances at December 31, 2017 | $ 27,204,213 | 32,068,548 | (4,864,335) |
| Changes for the year: | | | |
| Service cost | 984,232 | - | 984,232 |
| Interest | 1,608,746 | - | 1,608,746 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual | 1,320,653 | - | 1,320,653 |
| Change of assumptions | 370,909 | - | 370,909 |
| Contributions employer | - | 1,952,210 | (1,952,210) |
| Net investment income | - | (865,732) | 865,732 |
| Benefit (payments)/refunds | (630,078) | (630,078) | - |
| Administrative expenses | - | (186,925) | 186,925 |
| Net Changes | 3,654,462 | 269,475 | 3,384,987 |
| Balances at December 31, 2018 | $ 30,858,675 | 32,338,023 | (1,479,348) |



(Continued)

As of June 30, 2018, the NOA amounts are as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability | Plan Net Position | Net OPEB Liability |
| Balances at December 31, 2016 | $ 23,025,788 | $ 27,229,930 | $ (4,204,142) |
| Changes for the year: | | | |
| Service cost | 675,928 | - | 675,928 |
| Interest | 1,419,341 | - | 1,419,341 |
| Changes of benefit terms | | - | |
| Differences between expected and actual | (228,449) | - | (228,449) |
| Change of assumptions | 2,830,950 | - | 2,830,950 |
| Contributions employer | - | 1,758,037 | (1,758,037) |
| Net investment income | - | 3,717,204 | (3,717,204) |
| Benefit (payments)/refunds | (519,345) | (519,345) | - |
| Administrative expenses | - | (117,278) | 117,278 |
| Net Changes | 4,178,425 | 4,838,618 | (660,193) |
| Balances at December 31, 2017 | $ 27,204,213 | $ 32,068,548 | $ (4,864,335) |

### *(f) Long-Term Expected Rate of Return*

The long-term expected rate of return was determined using the geometric means method, after investment expenses, and is a minimum annual compound total rate of return in excess of inflation, measured over a 5-year period. 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. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Rate of Return |
|---|---|---|
| Cash or Cash Equivalent | 1% | 2.50% |
| Fixed Income | 59% | 3.10% |
| US Equity | 40% | 7.80% |
| International Equity | 0% | 7.50% |
| | 100% | |

### *(g) Discount Rate*

The discount rate used to measure the total OPEB liability was 5.5% as of December 31, 2018. The projections of cash flows used to determine the discount rate assumed the Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active retirees.



(Continued)

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

The following represents the net OPEB liability (asset) of the Authority, 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:

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| | 4.50% | 5.50% | 6.50% |
| Net OPEB liability (asset) | $ 3,667,169 | (1,479,348) | (5,601,959) |

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

The following represents the 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:

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| | 6.5% decreasing to 5.8% over 3 years | 7.5% decreasing to 6.8% over 3 years | 8.5% decreasing to 7.8% over 3 years |
| Net OPEB liability (asset) | $ (5,836,504) | (1,479,348) | 3,997,585 |



(Continued)

## (16) Other Long-Term Liabilities

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2019 was as follows:

| | Balance at June 30, 2018 | Additions | Decreases | Balance at June 30, 2019 |
|---|---|---|---|---|
| Project reserves | $ 128,015,652 | 29,714,010 | 43,556,196 | 114,173,466 |
| Commonwealth Priority Housing Fund liability | 6,828,375 | 214,442 | 436,610 | 6,606,207 |
| Virginia Housing Trust Fund liability | 8,239,933 | 3,420,358 | 247,632 | 11,412,659 |
| Other liabilities | 5,013,751 | 4,555,720 | 2,364,367 | 7,205,104 |
| Compensated absences payable | 4,766,585 | 3,122,183 | 3,034,617 | 4,854,151 |
| | $ 152,864,296 | 41,026,713 | 49,639,422 | 144,251,587 |

Activity in the Authority's noncurrent liability accounts, other than bonds payable, for the year ended June 30, 2018 was as follows:

| | Balance at June 30, 2017 | Additions | Decreases | Balance at June 30, 2018 |
|---|---|---|---|---|
| Project reserves | $ 113,864,723 | 74,196,685 | 60,045,756 | 128,015,652 |
| Commonwealth Priority Housing Fund liability | 6,521,380 | 1,640,955 | 1,333,960 | 6,828,375 |
| Virginia Housing Trust Fund liability | 6,005,177 | 2,669,948 | 435,192 | 8,239,933 |
| Other liabilities | 5,330,543 | 21,672,112 | 21,988,904 | 5,013,751 |
| Compensated absences payable | 4,536,596 | 2,257,858 | 2,027,869 | 4,766,585 |
| | $ 136,258,419 | 102,437,558 | 85,831,681 | 152,864,296 |

## (17) 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, 2019 and 2018, the Authority has granted



(Continued)

the following concessions to debtors, which are considered troubled debt restructurings. There are no commitments to lend additional resources to debtors who had a troubled debt restructuring.

| Homeownership loans | Year ended June 30, 2019 | 2018 |
|---|---|---|
| Aggregated recorded balance | $ 114,764,859 | 97,170,032 |
| Number of loans | 907 | 759 |
| Gross interest revenue if loans had been current | 4,734,640 | 3,997,579 |
| Interest revenue included in changes in net position | 4,084,310 | 3,349,723 |

| Rental housing loans | Year ended June 30, 2019 | 2018 |
|---|---|---|
| Aggregated recorded balance | $ 2,373,145 | 2,400,608 |
| Number of loans | 3 | 3 |
| Gross interest revenue if loans had been current | 141,098 | 141,069 |
| Interest revenue included in changes in net position | 61,974 | 63,168 |

**(18) Contingencies and Other Matters**

Certain claims, suits, and complaints arising in the ordinary course of business have been filed and are pending against the Authority. In the opinion of management, all such matters are adequately covered by insurance or, if not so covered, are without merit or are of such kind or involve such amounts as would not have a material adverse effect on the basic financial statements of the Authority.

The Authority participates in several Federal financial assistance programs, principal of which are the HUD loan guarantee programs. Although the Authority's administration of Federal grant programs has been audited in accordance with the provisions of the United States Office of Management and Budget Uniform Guidance, these programs are still subject to financial and compliance audits. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time, although the Authority does not expect such amounts, if any, to be material in relation to its basic financial statements.

The Authority is exposed to various risks of loss such as theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. The Authority carries commercial insurance for these risks. There have been no significant reductions in insurance coverage from coverage in the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.



(Continued)

## (19) Subsequent Events

In addition to scheduled issuances and redemptions, the Authority made redemptions of notes and bonds payable subsequent to June 30, 2019 as follows:

| | Issue date/ Redemption date | | Amount |
|---|---|---|---|
| Issues: | | | |
| Rental Housing Bond 2019 Series C-Taxable | 8/21/2019 | $ | 50,000,000 |

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

Required Supplementary Information
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
(unaudited)
Last 2 Calendar Years

| | | 2018 | 2017 |
|---|---|---|---|
| **Total OPEB Liability** | | | |
| Service Cost | $ | 984,232 | 675,928 |
| Interest | | 1,608,746 | 1,419,341 |
| Changes in benefit terms | | - | - |
| Differences between expected and actual experience | | 1,320,653 | (228,449) |
| Changes of assumptions | | 370,909 | 2,830,950 |
| Benefit payments | | (630,078) | (519,345) |
| Net change in Total OPEB Liability | | 3,654,462 | 4,178,425 |
| Total OPEB Liability - beginning | | 27,204,213 | 23,025,788 |
| Total OPEB Liability - ending | $ | 30,858,675 | 27,204,213 |
| **Plan Fiduciary Net Position** | | | |
| Contributions - employer | $ | 1,952,210 | 1,758,037 |
| Net investment income | | (865,732) | 3,717,204 |
| Benefit payments | | (630,078) | (519,345) |
| Administrative expenses | | (186,925) | (117,278) |
| Net change in Plan Fiduciary Net Position | | 269,475 | 4,838,618 |
| Plan Fiduciary Net Position - beginning | | 32,068,548 | 27,229,930 |
| Plan Fiduciary Net Position - ending | $ | 32,338,023 | 32,068,548 |
| Net OPEB Liability (Asset) - ending | | (1,479,348) | (4,864,335) |
| Plan Fiduciary Net Position as a % of the Total OPEB Liability | | 104.8% | 117.9% |
| Covered-employee payroll | $ | 37,467,939 | 33,966,194 |
| Net OPEB Liability as a % of covered-employee payroll | | -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 2018 and 2017.

(3) Assumptions for year ended 2018 were updated to reflect changes in the mortality rates, medical trends, and aging assumptions.

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Required Supplementary Information
Schedule of Contributions
(unaudited)
Last 2 Calendar Years

| | | 2018 | 2017 |
|---|---|---|---|
| Actuarially determined contribution | $ | 890,416 | 297,975 |
| Contributions in relation to the actuarially determined contribution | | 1,952,210 | 1,758,037 |
| Contribution deficiency (excess) | $ | (1,061,794) | (1,460,062) |
| Covered-employee payroll | $ | 37,467,939 | 33,966,194 |
| Contributions as a % of covered-employee payroll | | 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 2018 and 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 lability with a valuation date as of January 1, 2019 using the following actuarial assumptions as discussed in Note 10:

| | |
|---|---|
| **Valuation Date** | January 1, 2019 |
| **Actuarial Cost Method** | Entry-Age Normal percentage of Salary |
| **Amortization Method** | Level Percentage of Pay, Open |
| **Amortization Period** | 20 years |
| **Asset Valuation Method** | Fair Value |
| **Actuarial Assumptions** | |
| Inflation Rate | 2.4 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 2019 grading uniformly to 6.75 percent over 3 years and following the Getzen model thereafter to an ultimate rate of 3.9 percent in the year 2076; the Retiree Credit Matrix will increase at 5 percent, per annum. |
| Participation rate | 95 percent of fully eligible pre-65 active employees are assumed to elect medical coverage upon retirement; 75 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; 60 percent of active employees are assumed to cover a spouse at retirement; active males are assumed to be 3 years older than their female spouses. |
| Medical Claims Cost | The claims cost is determined by disaggregating the premium based on plan, coverage tier, and age. |

| | **Age 65 Cost Male** | **Age 65 Cost Female** |
|---|---|---|
| Retiree/Spouse: | $17,041 | $15,524 |

| | |
|---|---|
| Age Variance | Claims were age adjusted each year based on the Dale Yamamoto study released by the Society of Actuaries in June 2013. |

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

Combining Schedule of Net Position
(unaudited)
June 30, 2019

| Assets | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash and cash equivalents | $ 176,408,160 | 368,564,715 | 280,740,934 | 10,825,096 | 836,538,905 |
| Interest receivable – investments | 1,935,582 | 502,027 | 527,117 | 12,430 | 2,977,156 |
| Mortgage loans held for sale | - | - | 201,097,363 | - | 201,097,363 |
| Mortgage and other loans receivable, net | 6,365,746 | 75,100,309 | 72,093,423 | 6,507,803 | 160,067,281 |
| Interest receivable – mortgage and other loans | 629,847 | 14,883,095 | 7,410,876 | 685,587 | 23,609,405 |
| Other real estate owned | 7,093,980 | 427,000 | 3,949,826 | 957,684 | 12,428,490 |
| Other assets | 9,322,555 | - | 1,228 | - | 9,323,783 |
| Total current assets | 201,755,870 | 459,477,146 | 565,820,767 | 18,988,600 | 1,246,042,383 |
| Noncurrent assets: | | | | | |
| Investments | 565,711,262 | - | 51,800,889 | - | 617,512,151 |
| Mortgage and other loans receivable | 230,106,983 | 3,063,675,114 | 1,928,153,891 | 224,261,211 | 5,446,197,199 |
| Less allowance for loan loss | 33,745,244 | 43,902,322 | 57,099,021 | 2,491,297 | 137,237,884 |
| Less net loan discounts | 396,886 | 42,512,084 | (1,816,910) | 311,920 | 41,403,980 |
| Mortgage and other loans receivable, net | 195,964,853 | 2,977,260,708 | 1,872,871,780 | 221,457,994 | 5,267,555,335 |
| Capital Assets, net of accumulated depreciation and amortization of $41,239,479 | 17,862,788 | 9,709,599 | - | - | 27,572,387 |
| Mortgage servicing rights, net | 38,026,067 | - | - | - | 38,026,067 |
| Other Assets | 14,531,808 | - | - | - | 14,531,808 |
| Total noncurrent assets | 832,096,778 | 2,986,970,307 | 1,924,672,669 | 221,457,994 | 5,965,197,748 |
| **Total assets** | 1,033,852,648 | 3,446,447,453 | 2,490,493,436 | 240,446,594 | 7,211,240,131 |
| **Deferred outflows of resources** | | | | | |
| Other postemployment benefits - change in assumptions | 2,653,422 | - | - | - | 2,653,422 |
| Other postemployment benefits - difference between expected and actual experience | 1,200,594 | - | - | - | 1,200,594 |
| Other postemployment benefits - difference between projected and actual earnings | 856,736 | - | - | - | 856,736 |
| Total deferred outflows of resources | 4,710,752 | - | - | - | 4,710,752 |



(Continued)

**Schedule 3**

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

Combining Schedule of Net Position
(unaudited)
June 30, 2019

| Liabilities | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current liabilities: | | | | | |
| Notes and bonds payable | 445,300,000 | 39,355,000 | 53,799,162 | 19,321,322 | 557,775,484 |
| Accrued interest payable on notes and bonds | 510,487 | 18,771,997 | 7,309,481 | 1,149,339 | 27,741,304 |
| Escrows | 31,413,723 | - | - | - | 31,413,723 |
| Derivative instruments | - | - | 2,218,223 | - | 2,218,223 |
| Accounts payable and other liabilities | 27,547,625 | - | 54,214 | - | 27,601,839 |
| Total current liabilities | 504,771,835 | 58,126,997 | 63,381,080 | 20,470,661 | 646,750,573 |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net | - | 1,785,290,000 | 1,005,665,025 | 138,629,304 | 2,929,584,329 |
| Project reserves | 114,173,466 | - | - | - | 114,173,466 |
| Loan participation payable to Federal Financing Bank | 29,160,551 | - | - | - | 29,160,551 |
| Other (assets) liabilities | 27,389,815 | 2,688,306 | - | - | 30,078,121 |
| Total noncurrent liabilities | 170,723,832 | 1,787,978,306 | 1,005,665,025 | 138,629,304 | 3,102,996,467 |
| **Total liabilities** | 675,495,667 | 1,846,105,303 | 1,069,046,105 | 159,099,965 | 3,749,747,040 |
| **Deferred inflows of resources** | | | | | |
| Other postemployment benefits - difference between expected and actual experience | 186,913 | - | - | - | 186,913 |
| **Total deferred inflows of resources** | 186,913 | - | - | - | 186,913 |
| **Net position:** | | | | | |
| Net investment in capital assets | 15,022,175 | (385,052) | - | - | 14,637,123 |
| Restricted by bond indentures | - | 1,600,727,202 | 1,421,447,331 | 81,346,629 | 3,103,521,162 |
| Unrestricted | 347,858,645 | - | - | - | 347,858,645 |
| **Total net position** | $ 362,880,820 | 1,600,342,150 | 1,421,447,331 | 81,346,629 | 3,466,016,930 |

See accompanying independent auditors' report.

**Schedule 4**

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(unaudited)

Year ended June 30, 2019

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest on mortgage and other loans receivable | $ 7,295,161 | 181,800,542 | 98,267,560 | 10,557,191 | 297,920,454 |
| Housing Choice Voucher program administrative income | 6,570,517 | - | - | - | 6,570,517 |
| Gains and recoveries on sale of other real estate owned | 610,626 | 8,234 | 936,866 | 99,427 | 1,655,153 |
| Gains on sale of single family mortgage loans | - | - | 22,297,234 | - | 22,297,234 |
| Mortgage servicing fees net of guaranty fees | 36,882,971 | - | - | - | 36,882,971 |
| Tax credit program fees earned | 6,200,599 | - | - | - | 6,200,599 |
| Other | 480,390 | 3,141,463 | 8,841 | - | 3,630,694 |
| Total operating revenues | 58,040,264 | 184,950,239 | 121,510,501 | 10,656,618 | 375,157,622 |
| Operating expenses: | | | | | |
| Interest on notes and bonds payable | 11,247,900 | 71,882,460 | 39,605,290 | 5,838,082 | 128,573,732 |
| Salaries and related employee benefits | 58,151,563 | - | - | - | 58,151,563 |
| General operating expenses | 39,919,176 | - | - | - | 39,919,176 |
| Note and bond expense | 506,347 | 5,452 | 1,974 | - | 513,773 |
| Bond issuance expenses | 102,532 | 2,079,799 | - | - | 2,182,331 |
| Housing Choice Voucher program expenses | 7,409,446 | - | - | - | 7,409,446 |
| Mortgage servicing rights amortization and other servicing costs | 16,885,432 | - | 1,159,703 | - | 18,045,135 |
| Other real estate owned expenses | - | 165 | - | - | 165 |
| Losses on other real estate owned | 464,988 | - | 1,124,190 | 68,666 | 1,657,844 |
| Provision for loan losses | (300,521) | (1,659,997) | (6,119,668) | (297,022) | (8,377,208) |
| Total operating expenses | 134,386,863 | 72,307,879 | 35,771,489 | 5,609,726 | 248,075,957 |
| Operating income (expense) | (76,346,599) | 112,642,360 | 85,739,012 | 5,046,892 | 127,081,665 |
| Nonoperating revenues (expenses): | | | | | |
| Investment income | 37,268,470 | 9,047,989 | 9,794,202 | 147,052 | 56,257,713 |
| Unrealized loss on derivative instruments | - | - | (860,762) | - | (860,762) |
| Pass-through grant awards | 107,087,128 | - | - | - | 107,087,128 |
| Pass-through grants expenses | (107,087,128) | - | - | - | (107,087,128) |
| Other, net | 1,069 | - | - | - | 1,069 |
| Total nonoperating revenues, net | 37,269,539 | 9,047,989 | 8,933,440 | 147,052 | 55,398,020 |
| Income (loss) before transfers | (39,077,060) | 121,690,349 | 94,672,452 | 5,193,944 | 182,479,685 |
| Transfers between funds | 88,155,807 | (43,366,063) | (44,885,121) | 95,377 | - |
| Change in net position | 49,078,747 | 78,324,286 | 49,787,331 | 5,289,321 | 182,479,685 |
| Total net position, beginning of year | 313,802,073 | 1,522,017,864 | 1,371,660,000 | 76,057,308 | 3,283,537,245 |
| Total net position, end of year | $ 362,880,820 | 1,600,342,150 | 1,421,447,331 | 81,346,629 | 3,466,016,930 |

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

Combining Schedule of Net Position
(unaudited)
June 30, 2018

| Assets | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash and cash equivalents | $ 198,373,184 | 415,067,997 | 252,560,514 | 9,345,821 | 875,347,516 |
| Interest receivable – investments | 1,889,037 | 642,932 | 576,749 | 12,713 | 3,121,431 |
| Mortgage loans held for sale | - | - | 162,588,442 | - | 162,588,442 |
| Mortgage and other loans receivable, net | 5,813,243 | 70,026,850 | 75,185,321 | 7,052,748 | 158,078,162 |
| Interest receivable – mortgage and other loans | 758,073 | 14,609,633 | 7,828,377 | 763,212 | 23,959,295 |
| Other real estate owned | 4,553,420 | 427,000 | 8,053,884 | 1,233,530 | 14,267,834 |
| Other assets | 8,415,338 | - | 1,229 | - | 8,416,567 |
| Total current assets | 219,802,295 | 500,774,412 | 506,794,516 | 18,408,024 | 1,245,779,247 |
| Noncurrent assets: | | | | | |
| Investments | 540,537,838 | - | 55,515,148 | - | 596,052,986 |
| Mortgage and other loans receivable | 202,532,995 | 2,956,040,912 | 2,158,288,404 | 252,124,283 | 5,568,986,594 |
| Less allowance for loan loss | 42,029,978 | 45,912,319 | 66,821,915 | 2,997,217 | 157,761,429 |
| Less net loan discounts (premiums) | 370,255 | 38,094,256 | (1,319,715) | 328,594 | 37,473,390 |
| Mortgage and other loans receivable, net | 160,132,762 | 2,872,034,337 | 2,092,786,204 | 248,798,472 | 5,373,751,775 |
| Capital Assets, net of accumulated depreciation and amortization of $37,907,294 | 12,197,002 | 10,406,033 | - | - | 22,603,035 |
| Mortgage servicing rights, net | 34,632,275 | - | - | - | 34,632,275 |
| Other Assets | 17,551,381 | - | - | - | 17,551,381 |
| Total noncurrent assets | 765,051,258 | 2,882,440,370 | 2,148,301,352 | 248,798,472 | 6,044,591,452 |
| **Total assets** | 984,853,553 | 3,383,214,782 | 2,655,095,868 | 267,206,496 | 7,290,370,699 |
| **Deferred outflows of resources** | | | | | |
| Other post-employment benefits - change in assumptions | 2,573,591 | - | - | - | 2,573,591 |



(Continued)

**Schedule 5**

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Net Position

(unaudited)

June 30, 2018

| Liabilities | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current liabilities: | | | | | |
| Notes and bonds payable | 445,300,000 | 59,365,000 | 54,243,418 | 17,484,870 | 576,393,288 |
| Accrued interest payable on notes and bonds | 382,179 | 19,712,955 | 9,132,684 | 1,405,516 | 30,633,334 |
| Escrows | 33,652,835 | - | - | - | 33,652,835 |
| Derivative instruments | - | - | 1,357,461 | - | 1,357,461 |
| Accounts payable and other liabilities | 18,832,737 | - | - | - | 18,832,737 |
| Total current liabilities | 498,167,751 | 79,077,955 | 64,733,563 | 18,890,386 | 660,869,655 |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net | - | 1,779,325,938 | 1,218,702,305 | 172,258,802 | 3,170,287,045 |
| Project reserves | 128,015,652 | - | - | - | 128,015,652 |
| Loan participation payable to Federal Financing Bank | 23,449,353 | - | - | - | 23,449,353 |
| Other (assets) liabilities | 22,055,619 | 2,793,025 | - | - | 24,848,644 |
| Total noncurrent liabilities | 173,520,624 | 1,782,118,963 | 1,218,702,305 | 172,258,802 | 3,346,600,694 |
| **Total liabilities** | 671,688,375 | 1,861,196,918 | 1,283,435,868 | 191,149,188 | 4,007,470,349 |
| **Deferred inflows of resources** | | | | | |
| Other post-employment benefits - difference between expected and actual experience | 207,681 | - | - | - | 207,681 |
| Other post-employment benefits - difference between projected and actual earnings | 1,729,015 | - | - | - | 1,729,015 |
| **Total deferred inflows of resources** | 1,936,696 | - | - | - | 1,936,696 |
| **Net position** | | | | | |
| Net investment in capital assets | 12,197,002 | 38,693 | - | - | 12,235,695 |
| Restricted by bond indentures | - | 1,521,979,171 | 1,371,660,000 | 76,057,308 | 2,969,696,479 |
| Unrestricted | 301,605,071 | - | - | - | 301,605,071 |
| **Total net position** | $ 313,802,073 | 1,522,017,864 | 1,371,660,000 | 76,057,308 | 3,283,537,245 |

See accompanying independent auditors' report.

**Schedule 6**

## VIRGINIA HOUSING DEVELOPMENT AUTHORITY

(A Component Unit of the Commonwealth of Virginia)

Combining Schedule of Revenues, Expenses, and Changes in Net Position

(unaudited)

Year ended June 30, 2018

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest on mortgage and other loans receivable | $ 6,823,324 | 186,454,969 | 108,603,529 | 11,633,864 | 313,515,686 |
| Housing Choice Voucher program administrative income | 8,089,646 | - | - | - | 8,089,646 |
| Other real estate owned income | - | 1,835,562 | - | - | 1,835,562 |
| Gains and recoveries on sale of other real estate owned | 247,359 | 3,052,926 | 1,065,673 | 119,524 | 4,485,482 |
| Gains on sale of single family mortgage loans | - | - | 21,147,087 | - | 21,147,087 |
| Mortgage servicing fees net of guaranty fees | 30,137,033 | - | - | - | 30,137,033 |
| Tax credit program fees earned | 5,644,577 | - | - | - | 5,644,577 |
| Other | 1,253,467 | 3,606,442 | 1,649 | - | 4,861,558 |
| Total operating revenues | 52,195,406 | 194,949,899 | 130,817,938 | 11,753,388 | 389,716,631 |
| Operating expenses: | | | | | |
| Interest on notes and bonds payable | 7,000,658 | 74,711,059 | 47,783,943 | 7,003,648 | 136,499,308 |
| Salaries and related employee benefits | 55,490,578 | - | - | - | 55,490,578 |
| General operating expenses | 43,852,244 | - | - | - | 43,852,244 |
| Note and bond expense | 360,655 | - | 2,205 | - | 362,860 |
| Bond issuance expenses | 202,850 | 1,640,992 | 225,923 | - | 2,069,765 |
| Housing Choice Voucher program expenses | 8,195,612 | - | - | - | 8,195,612 |
| Mortgage servicing rights amortization and other servicing costs | 13,008,052 | - | (1,180,273) | - | 11,827,779 |
| Other real estate owned expenses | - | 1,344,848 | - | - | 1,344,848 |
| Losses on other real estate owned | 104,187 | - | 1,922,411 | 112,178 | 2,138,776 |
| Provision for loan losses | 2,166,233 | 2,884,968 | 3,955,365 | (420,223) | 8,586,343 |
| Total operating expenses | 130,381,069 | 80,581,867 | 52,709,574 | 6,695,603 | 270,368,113 |
| Operating income (expense) | (78,185,663) | 114,368,032 | 78,108,364 | 5,057,785 | 119,348,518 |
| Nonoperating revenues (expenses): | | | | | |
| Investment income | 7,113,142 | 4,717,853 | 3,601,338 | 110,065 | 15,542,398 |
| Unrealized loss on derivative instruments | - | - | (2,632,383) | - | (2,632,383) |
| Pass-through grant awards | 115,634,605 | - | - | - | 115,634,605 |
| Pass-through grants expenses | (115,634,605) | - | - | - | (115,634,605) |
| Other, net | 12,308 | - | - | - | 12,308 |
| Total nonoperating revenues, net | 7,125,450 | 4,717,853 | 968,955 | 110,065 | 12,922,323 |
| Income (loss) before transfers | (71,060,213) | 119,085,885 | 79,077,319 | 5,167,850 | 132,270,841 |
| Transfers between funds | 120,003,873 | (12,968,078) | (110,071,839) | 3,036,044 | - |
| Change in net position | 48,943,660 | 106,117,807 | (30,994,520) | 8,203,894 | 132,270,841 |
| Total net position, beginning of year | 264,858,413 | 1,415,900,057 | 1,402,654,520 | 67,853,414 | 3,151,266,404 |
| Total net position, end of year | $ 313,802,073 | 1,522,017,864 | 1,371,660,000 | 76,057,308 | 3,283,537,245 |

See accompanying independent auditors' report.

KPMG LLP
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1021 East Cary Street
Richmond, VA 23219-4023

## 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*

The Board of Commissioners
Virginia Housing Development Authority:

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 Virginia Housing Development Authority (the Authority), a component unit of the Commonwealth of Virginia which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2019.

### 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 may exist that have not been identified.

### 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 determination of financial statement amounts. 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*.



KPMG LLP is a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

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

KPMG LLP

Richmond, Virginia
September 12, 2019

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

Basic Financial Statements and
Supplementary Information

March 31, 2020 and 2019

(Unaudited)

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

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

Summary of the Quarterly Report

March 31, 2020 and 2019

(Unaudited)

This condensed report provides highlights of the financial performance of the Virginia Housing Development Authority (the Authority) for the third quarter of fiscal year 2020. The information provided is an abbreviated version of the full financial report published annually. Sections and notes included are based on an analysis of significant interim information necessary to provide an accurate representation of the Authority's year-to-date activity.

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

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

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

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

The *Notes to Basic Financial Statements* provide additional information that is essential for understanding financial data that may not be displayed on the face of the basic financial statements and as such, are an integral part of the Authority's financial statements. The report includes abbreviated notes which are necessary to provide context to the interim financial activity.

The most recent audited financial report as of June 30, 2019 is available on the Authority's website at www.vhda.com/about/InvestorRelations.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
March 31, 2020 and 2019
(Unaudited)

| **Assets** | | **2020** | **2019** |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents (note 3) | $ | 954,443,346 | 1,024,570,819 |
| Interest receivable – investments | | 2,549,227 | 3,737,171 |
| Mortgage loans held for sale (note 1) | | 291,754,186 | 113,350,372 |
| Mortgage and other loans receivable, net | | 166,299,469 | 147,145,448 |
| Interest receivable – mortgage and other loans | | 23,977,550 | 23,458,348 |
| Other real estate owned | | 11,288,794 | 14,447,727 |
| Other assets | | 9,678,416 | 8,921,481 |
| Total current assets | | 1,459,990,988 | 1,335,631,366 |
| Noncurrent assets: | | | |
| Investments (note 3) | | 566,934,456 | 635,903,397 |
| Mortgage and other loans receivable | | 5,838,415,346 | 5,475,552,241 |
| Less allowance for loan loss (note 1) | | 156,089,756 | 154,461,963 |
| Less net loan discounts | | 42,301,294 | 41,102,347 |
| Mortgage and other loans receivable, net | | 5,640,024,296 | 5,279,987,931 |
| Capital Assets, net of accumulated depreciation and amortization of $42,855,843 and $40,362,562 respectively | | 26,595,417 | 24,784,557 |
| Mortgage servicing rights, net (note 1) | | 38,876,373 | 38,481,068 |
| Other assets | | 12,183,117 | 18,015,764 |
| Total noncurrent assets | | 6,284,613,659 | 5,997,172,717 |
| **Total assets** | | 7,744,604,647 | 7,332,804,083 |
| **Deferred outflows of resources** | | | |
| Other postemployment benefits - change in assumptions (note 1) | | 2,653,422 | 2,573,591 |
| Other postemployment benefits - difference between expected and actual experience (note 1) | | 1,200,594 | - |
| Other postemployment benefits - difference between projected and actual earning (note 1) | | 856,736 | - |
| **Total deferred outflows of resources** | | 4,710,752 | 2,573,591 |

See accompanying notes to basic financial statements.



(Continued)

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Statements of Net Position
March 31, 2020 and 2019
(Unaudited)

| **Liabilities** | | **2020** | **2019** |
|---|---|---|---|
| Current liabilities: | | | |
| Notes and bonds payable (note 4) | $ | 670,859,634 | 560,400,274 |
| Accrued interest payable on notes and bonds | | 30,134,186 | 32,848,328 |
| Escrows | | 47,118,476 | 45,750,651 |
| Derivative instruments | | 13,820,055 | 2,006,992 |
| Accounts payable and other liabilities | | 29,096,183 | 27,238,552 |
| Total current liabilities | | 791,028,534 | 668,244,797 |
| Noncurrent liabilities: | | | |
| Bonds payable, net (note 4) | | 3,217,648,409 | 3,080,062,392 |
| Project reserves | | 114,521,351 | 112,223,533 |
| Loan participation payable to Federal Financing Bank (note 5) | | 36,516,210 | 29,297,882 |
| Other liabilities | | 32,369,085 | 31,388,803 |
| Total noncurrent liabilities | | 3,401,055,055 | 3,252,972,610 |
| **Total liabilities** | | 4,192,083,589 | 3,921,217,407 |
| **Deferred inflows of resources** | | | |
| Other postemployment benefits - difference between expected and actual experience (note 1) | | 186,913 | 207,681 |
| Other postemployment benefits - difference between projected and actual earning (note 1) | | - | 1,729,015 |
| **Total deferred inflows of resources** | | 186,913 | 1,936,696 |
| **Net position (note 1):** | | | |
| Net investment in capital assets | | 14,504,809 | 11,546,151 |
| Restricted by bond indentures | | 3,170,246,624 | 3,053,403,602 |
| Unrestricted | | 372,293,464 | 347,273,818 |
| **Total net position** | $ | 3,557,044,897 | 3,412,223,571 |

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Statements of Revenues, Expenses, and Changes in Net Position
Nine months ended March 31, 2020 and 2019
(Unaudited)

| | | 2020 | 2019 |
|---|---|---|---|
| Operating revenues: | | | |
| Interest on mortgage and other loans receivable | $ | 220,816,726 | 224,874,953 |
| Housing Choice Voucher program administrative income (note 1) | | 5,374,972 | 4,860,755 |
| Other real estate owned income | | 14,868 | - |
| Gains and recoveries on sale of other real estate owned | | 759,528 | 1,087,534 |
| Gains on sale of single family mortgage loans | | 30,691,929 | 16,815,664 |
| Mortgage servicing fees net of guaranty fees | | 30,922,687 | 27,191,566 |
| Other | | 8,193,183 | 8,715,122 |
| Total operating revenues | | 296,773,893 | 283,545,594 |
| Operating expenses: | | | |
| Interest on notes and bonds payable | | 90,758,497 | 97,067,862 |
| Salaries and related employee benefits | | 44,255,957 | 43,067,123 |
| General operating expenses | | 43,776,164 | 34,715,332 |
| Note and bond expenses | | 901,392 | 497,200 |
| Bond issuance expenses | | 3,591,547 | 1,900,200 |
| Housing Choice Voucher program expenses (note 1) | | 5,988,380 | 5,881,891 |
| Mortgage servicing rights amortization and other servicing costs | | 21,893,506 | 11,740,213 |
| Other real estate owned expenses | | 19,645 | 166 |
| Losses on other real estate owned | | 1,004,930 | 1,198,076 |
| Provision for loan losses (note 1) | | 21,278,409 | (1,435,365) |
| Total operating expenses | | 233,468,427 | 194,632,698 |
| Operating income | | 63,305,466 | 88,912,896 |
| Nonoperating revenues (losses): | | | |
| Pass-through grant awards | | 68,381,197 | 80,990,174 |
| Pass-through grants expenses | | (68,381,197) | (80,990,174) |
| Investment income | | 39,297,363 | 40,421,891 |
| Unrealized loss on derivative instruments | | (11,601,832) | (649,530) |
| Other, net | | 26,970 | 1,069 |
| Total nonoperating revenues, net | | 27,722,501 | 39,773,430 |
| Change in net position | | 91,027,967 | 128,686,326 |
| Total net position, beginning of year | | 3,466,016,930 | 3,283,537,245 |
| Total net position, end of nine months | $ | 3,557,044,897 | 3,412,223,571 |

See accompanying notes to basic financial statements.

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Nine months ended March 31, 2020 and 2019
(Unaudited)

| | 2020 | 2019 |
|---|---|---|
| Cash flows from operating activities: | | |
| Cash payments for mortgage and other loans | $ (1,940,657,577) | (1,277,990,370) |
| Principal repayments on mortgage and other loans | 417,709,235 | 413,476,530 |
| Sale of mortgage loans | 982,482,325 | 921,336,189 |
| Interest received on mortgage and other loans | 226,814,329 | 228,584,967 |
| Pass-through grant awards received | 68,381,197 | 80,990,174 |
| Pass-through grant awards disbursed | (68,381,197) | (80,990,174) |
| Housing Choice Voucher payments received | 8,027,611 | 4,417,796 |
| Housing Choice Voucher payments disbursed | (6,451,618) | (5,773,895) |
| Escrow and project reserve payments received | (134,350,753) | 149,989,746 |
| Escrow and project reserve payments disbursed | 150,403,392 | (153,684,049) |
| Other operating revenues | 78,530,056 | 60,540,660 |
| Cash received for loan origination fees and loan discounts | 8,170,696 | 8,737,610 |
| Cash paid for loan origination fees and loan premiums | (11,861,002) | (8,094,738) |
| Cash payments for salaries and related benefits | (44,774,617) | (45,964,876) |
| Cash payments for general operating expenses | (40,953,588) | (19,662,417) |
| Cash payments for servicing release premiums and guaranty fees | (32,359,373) | (24,071,062) |
| Proceeds from sale of other real estate owned | 26,224,697 | 22,541,151 |
| Disposition of other real estate owned property | (4,777) | (165) |
| Net cash (used in)/provided by operating activities | (313,050,964) | 274,383,077 |
| Cash flows from noncapital financing activities: | | |
| Proceeds from issuance of notes and bonds | 690,896,720 | 278,055,000 |
| Proceeds from loan participation - FFB | 7,850,000 | 6,209,561 |
| Principal payments on notes and bonds | (289,863,324) | (384,362,548) |
| Principal payments on loan participation - FFB | (494,341) | (361,032) |
| Interest payments on notes and bonds | (88,250,782) | (94,762,986) |
| Cash payments for bond issuance expenses | (3,591,548) | (1,900,200) |
| Net cash provided by/(used in) noncapital financing activities | 316,546,725 | (197,122,205) |
| Cash flows from capital and related financing activities: | | |
| Purchases of property, furniture, and equipment | (1,217,923) | (4,544,040) |
| Net cash used in capital and related financing activities | (1,217,923) | (4,544,040) |
| Cash flows from investing activities: | | |
| Purchases of investments | - | (8,000,000) |
| Proceeds from sales or maturities of investments | 90,442,789 | 55,781,458 |
| Interest received on investments | 25,183,814 | 28,725,013 |
| Net cash provided by investing activities | 115,626,603 | 76,506,471 |
| Net increase in cash and cash equivalents | 117,904,441 | 149,223,303 |
| Cash and cash equivalents, at beginning of year | 836,538,905 | 875,347,516 |
| Cash and cash equivalents, at end of nine months | $ 954,443,346 | 1,024,570,819 |



(Continued)

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Statements of Cash Flows
Nine months ended March 31, 2020 and 2019
(Unaudited)

| | | 2020 | 2019 |
|---|---|---|---|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | $ | 63,305,466 | 88,912,896 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation of property, furniture, and equipment | | 2,199,002 | 2,362,519 |
| Bond issuance costs | | 3,591,548 | 1,900,200 |
| Interest on notes and bonds payable | | 90,758,497 | 97,067,862 |
| (Increase)/Decrease in mortgage loans held for sale | | (90,656,823) | 49,238,070 |
| (Increase)/Decrease in mortgage and other loans receivable | | (423,364,257) | 27,943,295 |
| Increase/(Decrease) in allowance for loan loss | | 18,851,872 | (3,299,465) |
| Increase in net loan discounts | | 897,314 | 3,628,956 |
| (Increase)/Decrease in interest receivable – mortgage and other loans | | (368,145) | 500,947 |
| Decrease/(Increase) in other real estate owned | | 1,139,696 | (179,893) |
| Increase in mortgage servicing rights | | (850,306) | (3,848,793) |
| Decrease/(Increase) in other assets | | 1,994,058 | (969,297) |
| Increase in accounts payable and other liabilities | | 3,785,308 | 14,945,974 |
| Increase/(Decrease) in escrows and project reserves | | 15,665,806 | (3,820,194) |
| Net cash (used in)/provided by operating activities | $ | (313,050,964) | 274,383,077 |
| Supplemental disclosure of noncash activity: | | | |
| Increase in other real estate owned as a result of loan foreclosures | $ | 24,896,847 | 23,966,185 |
| Decrease in mortgage and other loans receivable from transferring loans to MBS securities retained as investments | $ | 24,913,922 | 76,423,772 |

See accompanying notes to basic financial statements.

## (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) and Federal National Mortgage Association (FNMA) guaranteed mortgage backed securities (see note 1 (g)). The notes, bonds and other debt obligations do not constitute a debt or grant or loan of credit of the Commonwealth of Virginia (Commonwealth), and the Commonwealth is not liable for the repayment of such obligations.

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

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

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

### *(c) Adoption of New Accounting Standards*

During the fiscal year ended June 30, 2019, the Authority adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB): Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and the Authority early adopted Statement No. 87, *Leases*. The Authority's implementation of GASB Statements Nos. 88 and 87 did not have a material impact on the Authority's fiscal year 2019 financial statements upon adoption.

### *(d) 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.

### *(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 in investment income in the Statements of Revenues, Expenses, and Changes in Net Position. The fair value of the debt 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. The fair value of asset backed securities which include agency-mortgage backed securities are also 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.

### *(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 March 31, 2020, the Authority had outstanding 60 forward sales transactions with a $545.0 million notional amount with five counterparties. At March 31, 2019, the Authority had outstanding 47 forward sales transactions with a $290.0 million notional amount with four counterparties.

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

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

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

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

### *(i) Allowance for Loan Losses*

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

The allowance for loan losses was increased by $18,851,872 for the nine months ended March 31, 2020 and reduced by $3,299,466 for the nine months ended March 31, 2019.

| | Nine months ended March 31 | |
|---|---|---|
| | **2020** | **2019** |
| Beginning Balance, July 1 | $ 137,237,884 | 157,761,429 |
| Provision: | | |
| Homeownership | 11,840,094 | (1,057,481) |
| Rental Housing | 9,438,315 | (377,884) |
| Provision | 21,278,409 | (1,435,365) |
| Net (charge-offs)/recoveries: | | |
| Homeownership | (2,311,802) | (3,177,478) |
| Rental Housing | (114,735) | 1,313,377 |
| Net charge-offs | (2,426,537) | (1,864,101) |
| Net change | 18,851,872 | (3,299,466) |
| Ending Balance, March 31 | $ 156,089,756 | 154,461,963 |

***(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 or FNMA and the Authority remains the servicer of the loans. Estimated life is determined to be 7 years.

***(k) 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.

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

The Authority has three defined contribution retirement savings plans covering substantially all employees. Retirement expense is fully funded as incurred. To the extent terminating employees are


(Continued)

less than 100% vested in the Authority's contributions, the unvested portion is forfeited and redistributed to the remaining participating employees.

The Authority also provides postretirement healthcare benefits administered through a trust under a defined benefit plan to all employees who have met the years of service requirement and who retire from the Authority on or after attaining age 55 or become permanently disabled. Effective for the plan year ended December 31, 2017, the Authority adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* and the Authority adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2018. For purposes of measuring the net OPEB liability, deferred outflows or inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Virginia Housing Development Authority Retiree Health Care Plan (the Plan) and additions to or deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognized benefit payments when due and payable in accordance with the benefit terms of the Plan. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost, which approximates fair value.

***(m) Cash Equivalents***

Cash equivalents consist of highly liquid short term instruments with original maturities of three months or less from the date of purchase and are recorded at amortized cost.

***(n) Statements of Net Position***

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

***(o) Operating and Nonoperating Revenues and Expenses***

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

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

The Authority reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.


(Continued)

***(q) Reclassifications***

Certain reclassifications have been made in the March 31, 2019 financial statements to conform to the March 31, 2020 presentation.

**(2) Basis of Presentation**

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

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

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

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

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

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

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

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

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

**(3) Cash, Cash Equivalents, and Investments**

Cash includes cash on hand and amounts in checking accounts, which are insured by the Federal Depository Insurance Corporation or are collateralized under provisions of the Virginia Security for Public Deposits Act. At March 31, 2020 and 2019, the carrying amount of the Authority's deposits was $91,615,661 and $81,984,985, respectively. The associated bank balance of the Authority's deposits was $89,293,236 and $92,560,334 at March 31, 2020 and 2019, respectively. The difference between the carrying amount and the bank balance is due to outstanding checks, deposits in transit, and other reconciling items.

Cash equivalents include investments with original maturities of three months or less from date of purchase. Investments consist of U.S. government and agency securities, repurchase agreements, asset-backed securities, agency-mortgage backed securities, money market securities and other interest-bearing

securities held at the FHLB Atlanta. Investments in the bond funds consist of those permitted by the various resolutions adopted by the Authority. At March 31, 2020 and 2019, total cash equivalents were $862,827,686 and $942,585,834, respectively.

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

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

***(a) Interest Rate Risk***

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

As of March 31, 2020, the Authority had the following investments (including cash equivalents) and maturities:

| Investment type | | Less than 1 year | 1-5 years | 6-10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|
| U.S. government and agency | $ | 119,711,090 | - | - | - | 119,711,090 |
| Repurchase agreements | | 450,000,000 | | | | 450,000,000 |
| Asset-backed securities | | - | - | - | 2,499,476 | 2,499,476 |
| Agency-mortgage backed securities | | - | - | 1,104,248 | 563,330,732 | 564,434,980 |
| Money market securities | | 293,116,595 | - | - | - | 293,116,595 |
| Total investments | $ | 862,827,685 | - | 1,104,248 | 565,830,208 | 1,429,762,141 |

As of March 31, 2019, the Authority had the following investments (including cash equivalents) and maturities:

| Investment type | | Less than 1 year | 1-5 years | 6-10 years | Over 10 years | Total |
|---|---|---|---|---|---|---|
| U.S. government and agency | $ | 218,870,001 | - | - | - | 218,870,001 |
| Repurchase agreements | | 450,000,000 | | | | 450,000,000 |
| Asset-backed securities | | - | - | - | 3,123,279 | 3,123,279 |
| Agency-mortgage backed securities | | - | - | 497,123 | 632,282,995 | 632,780,118 |
| Money market securities | | 273,715,833 | - | - | - | 273,715,833 |
| Total investments | $ | 942,585,834 | - | 497,123 | 635,406,274 | 1,578,489,231 |



(Continued)

## (4) Notes and Bonds Payable

Notes and bonds payable at June 30, 2019 and March 31, 2020 and changes for the nine months ended March 31, 2020 were as follows:

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| General operating accounts: | | | | |
| Revolving line of credit: | | | | |
| Bank of America floating daily rate (rate of 1.69% at March 31, 2020) termination date of December 1, 2020 | $ — | 149,000 | 30,000 | 119,000 |
| Federal Home Loan Bank varying fixed rate notes with 90-day maturities (average of 1.12% as of March 31, 2020 and 2.57% at March 31,2019), maturities range from April 8, 2020 to June 5, 2020 | 445,300 | — | — | 445,300 |
| Total general operating accounts | $ 445,300 | 149,000 | 30,000 | 564,300 |



(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| Rental housing bond group: | | | | |
| 2010 Series A, dated March 23, 2010, 4.79% effective interest rate, final due date April 1, 2045 | $ 18,670 | — | 18,670 | — |
| 2010 Series B, dated April 27, 2010, 4.74% effective interest rate, final due date June 1, 2045 | 19,810 | — | 19,810 | — |
| 2010 Series C, dated July 28, 2010, 4.61% effective interest rate, final due date August 1, 2045 | 10,430 | — | 10,430 | — |
| 2010 Series D, dated August 26, 2010, 4.31% effective interest rate, final due date September 1, 2040 | 27,745 | — | 27,745 | — |
| 2010 Series E, dated October 7, 2010, 4.19% effective interest rate, final due date October 1, 2045 | 33,255 | — | 795 | 32,460 |
| 2010 Series F, dated December 2, 2010, 4.86% effective interest rate, final due date January 1, 2041 | 16,975 | — | 465 | 16,510 |
| 2011 Series A, dated May 24, 2011, 4.92% effective interest rate, final due date May 1, 2041 | 9,990 | — | — | 9,990 |
| 2011 Series B, dated September 27, 2011, 4.27% effective interest rate, final due date October 1, 2041 | 13,065 | — | 365 | 12,700 |
| 2011 Series C, dated December 8, 2011, 4.24% effective interest rate, final due date December 1, 2038 | 16,510 | — | 570 | 15,940 |
| 2011 Series D, dated December 8, 2011, 4.93% effective interest rate, final due date January 1, 2039 | 131,370 | — | 4,170 | 127,200 |
| 2012 Series A, dated February 28, 2012, 3.60% effective interest rate, final due date March 1, 2042 | 30,240 | — | 915 | 29,325 |



(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| 2012 Series B/C, dated August 21, 2012, 3.64% effective interest rate, final due date August 1, 2042 | $ 101,080 | — | 2,810 | 98,270 |
| 2012 Series D dated October 30, 2012, 4.02% effective interest rate, final due date October 1, 2042 | 196,015 | — | 5,380 | 190,635 |
| 2012 Series E dated November 2, 2042, 3.16% effective interest rate, final due date November 1, 2042 | 9,430 | — | 275 | 9,155 |
| 2013 Series A/B dated April 11, 2013, 3.95% effective interest rate, final due date April 1, 2043 | 30,265 | — | — | 30,265 |
| 2013 Series C dated May 2, 2013, 3.82% effective interest rate, final due date February 1, 2043 | 144,205 | — | 4,125 | 140,080 |
| 2013 Series D dated May 30, 2013, 4.06% effective interest rate, final due date June 1, 2043 | 99,845 | — | 1,275 | 98,570 |
| 2013 Series E dated July 11, 2013, 4.15% effective interest rate, final due date July 1, 2043 | 18,985 | — | 520 | 18,465 |
| 2013 Series F dated October 10, 2013, 4.98% effective interest rate, final due date October 1, 2043 | 54,325 | — | 1,245 | 53,080 |
| 2013 Series G dated December 3, 2013, 4.39% effective interest rate, final due date December 1, 2043 | 9,630 | — | 230 | 9,400 |
| 2014 Series A dated August 19, 2014, 3.75% effective interest rate, final due date August 1, 2049 | 12,080 | — | 225 | 11,855 |
| 2014 Series B dated October 28, 2014, 3.30% effective interest rate, final due date October 1, 2044 | 8,365 | — | 220 | 8,145 |
| 2014 Series C dated November 20, 2014, 4.29% effective interest rate, final due date November 1, 2044 | 123,795 | — | 3,065 | 120,730 |
| 2015 Series A dated March 18, 2015, 3.50% effective interest rate, final due date March 1, 2045 | 36,780 | — | 955 | 35,825 |


(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| 2015 Series B dated May 12, 2015, 3.44% effective interest rate, final due date May 1, 2045 | $ 10,945 | — | — | 10,945 |
| 2015 Series C dated August 5, 2015, 3.68% effective interest rate, final due date August 1, 2045 | 21,735 | — | 550 | 21,185 |
| 2015 Series D dated November 10, 2015, 3.55% effective interest rate, final due date November 1, 2045 | 33,535 | — | 855 | 32,680 |
| 2015 Series E/F dated December 8, 2015, 3.94% effective interest rate, final due date December 1, 2045 | 79,170 | — | 1,845 | 77,325 |
| 2016 Series A dated March 8, 2016, 2.99% effective interest rate, final due date March 1, 2046 | 4,620 | — | 120 | 4,500 |
| 2016 Series B dated May 17, 2016, 3.35% effective interest rate, final due date May 1, 2046 | 67,425 | — | 900 | 66,525 |
| 2016 Series C dated July 19, 2016, 2.72% effective interest rate, final due date July 1, 2046 | 4,565 | — | 115 | 4,450 |
| 2016 Series D dated October 18, 2016, 2.89% effective interest rate, final due date October 1, 2046 | 7,710 | — | 135 | 7,575 |
| 2017 Series A dated March 14, 2017, 3.66% effective interest rate, final due date March 1, 2049 | 27,960 | — | 590 | 27,370 |
| 2017 Series B dated June 13, 2017, 2.84% effective interest rate, final due date June 1, 2047 | 14,170 | — | — | 14,170 |
| 2017 Series C dated September 13, 2017, 3.24% effective interest rate, final due date September 1, 2047 | 2,860 | — | 35 | 2,825 |
| 2017 Series D dated October 19, 2017, 3.21% effective interest rate, final due date October 1, 2047 | 5,600 | — | 70 | 5,530 |
| 2017 Series E dated December 5, 2017, 3.19% effective interest rate, final due date December 1, 2050 | 54,130 | — | 750 | 53,380 |


(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| 2018 Series A dated March 27, 2018, 3.43% effective interest rate, final due date March 1, 2053 | $ 48,750 | — | 375 | 48,375 |
| 2018 Series B dated June 5, 2018, 3.76% effective interest rate, final due date June 1, 2053 | 30,455 | — | 3,100 | 27,355 |
| 2018 Series C dated August 28, 2018, 3.51% effective interest rate, final due date August 1, 2053 | 23,145 | — | — | 23,145 |
| 2018 Series D dated October 2, 2018, 3.74% effective interest rate, final due date October 1, 2053 | 74,395 | — | — | 74,395 |
| 2018 Series E dated December 4, 2018, 3.85% effective interest rate, final due date December 1, 2049 | 43,090 | — | — | 43,090 |
| 2019 Series A dated March 26, 2019, 3.53% effective interest rate, final due date March 1, 2054 | 80,425 | — | — | 80,425 |
| 2019 Series B dated May 22, 2019, 3.10% effective interest rate, final due date May 1, 2054 | 17,100 | — | — | 17,100 |
| 2019 Series C dated August 21, 2019 3.13% effective interest rate, final due date August 1, 2054 | — | 50,000 | — | 50,000 |
| 2019 Series D dated October 16, 2019 3.12% effective interest rate, final due date October 1, 2054 | — | 50,000 | — | 50,000 |
| 2019 Series E dated December 12, 2019 2.89% effective interest rate, final due date December 1, 2054 | — | 63,700 | — | 63,700 |
| 2020 Series A dated March 25, 2020 2.74% effective interest rate, final due date March 1, 2055 | — | 75,000 | — | 75,000 |
| 2020 Series B dated March 25, 2020 2.30% effective interest rate, final due date March 1, 2055 | — | 75,905 | — | 75,905 |
| Total rental housing bonds | $ 1,824,645 | 314,605 | 113,700 | 2,025,550 |



(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| Commonwealth mortgage bonds group: | | | | |
| 2002 Series E/F/G, dated December 17, 2002, 5.27% effective interest rate, final due date December 25, 2032 | $ 6,454 | — | 718 | 5,736 |
| 2004 Series B, dated June 10, 2004, 5.78% effective interest rate, final due date June 25, 2034 | 1,394 | — | 128 | 1,266 |
| 2006 Series C, dated June 8, 2006, 6.27% effective interest rate, final due date June 25, 2034 | 9,008 | — | 518 | 8,490 |
| 2008 Series A, dated March 25, 2008, 6.11% effective interest rate, final due March 25, 2038 | 15,292 | — | 1,740 | 13,552 |
| 2008 Series B, dated April 10, 2008, 6.16% effective interest rate, final due date March 25, 2038 | 24,568 | — | 3,609 | 20,959 |
| 2008 Series C, dated November 18, 2008, 6.50% effective interest rate, final due date June 25, 2038 | 7,537 | — | 955 | 6,582 |
| 2012 Series A, dated December 20, 2012, 2.10% effective interest rate, final due date July 1, 2026 | 61,600 | — | 8,400 | 53,200 |
| 2012 Series B/C, dated December 20, 2012, 3.24% effective interest rate, final due date July 1, 2039. | 427,020 | — | 37,170 | 389,850 |
| 2013 Series B, dated May 21, 2013, 2.75% effective interest rate, final due date April 25, 2042 | 37,507 | — | 4,790 | 32,717 |
| 2013 Series C, dated October 24, 2013, 4.25% effective interest rate, final due date October 25, 2043 | 61,928 | — | 6,291 | 55,637 |
| 2013 Series D, dated December 19, 2013, 4.30% effective interest rate, final due date December 25, 2043 | 50,964 | — | 5,041 | 45,923 |



(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| 2014 Series A, dated December 11, 2014, 3.50% effective interest rate, final due date October 25, 2037 | $ 64,621 | — | 7,491 | 57,130 |
| 2015 Series A, dated November 10, 2015, 3.25% effective interest rate, final due date June 25, 2045 | 89,303 | — | 8,894 | 80,409 |
| 2016 Series A, dated June 9, 2016, 3.10% effective interest rate, final due date June 25, 2041 | 94,413 | — | 10,227 | 84,186 |
| 2017 Series A, dated June 13, 2017, 3.13% effective interest rate, final due date November 25, 2039 | 108,840 | — | 11,991 | 96,849 |
| 2019 Series A, dated November 5, 2019, 2.95% effective interest rate, final due date October 25, 2049 | — | 106,478 | 858 | 105,620 |
| 2020 Series A, dated February 12, 2020, 2.85% effective interest rate, final due date December 25, 2049 | — | 120,814 | 183 | 120,631 |
| | 1,060,449 | 227,292 | 109,004 | 1,178,737 |
| Unamortized discount | (985) | - | 115 | (870) |
| Total commonwealth mortgage bonds group | $ 1,059,464 | | | 1,177,867 |



(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| | (Amounts shown in thousands) | | | |
| Homeownership mortgage bonds group: | | | | |
| 2010 Series A, dated February 10, 2010, 4.00% effective interest rate, final due date March 1, 2020 | $ 13,230 | — | 13,230 | — |
| 2010 Series B, dated October 29, 2010, 3.54% effective interest rate, final due date March 1, 2022 | 16,000 | — | 8,000 | 8,000 |
| 2011 Series A, dated June 14, 2011, 3.58% effective interest rate, final due date March 1, 2024 | 20,800 | — | 2,900 | 17,900 |
| 2011 Series B, dated September 27, 2011, 3.41% effective interest rate, final due date September 1, 2024 | 25,950 | — | 3,100 | 22,850 |
| 2013 Series A, dated March 27, 2013, 3.25% effective interest rate, final due date August 25, 2042 | 81,971 | — | 9,930 | 72,041 |
| Total homeownership mortgage bonds group | 157,951 | — | 37,160 | 120,791 |
| Total | $ 3,487,360 | | | 3,888,508 |



(Continued)

Notes and bonds payable at June 30, 2018 and March 31, 2019 and changes for the nine months ended March 31, 2019 were summarized as follows (amounts in thousands):

| Description | Balance at June 30, 2018 | Issued | Retired | Increase/ (decrease) in unamortized premium/ discount | Balance at March 31, 2019 |
|---|---|---|---|---|---|
| General operating accounts | $ 445,300 | 57,000 | 57,000 | - | 445,300 |
| Rental housing bonds group | 1,838,691 | 221,055 | 135,300 | (61) | 1,924,385 |
| Commonwealth mortgage bonds group | 1,272,945 | - | 163,378 | 151 | 1,109,718 |
| Homeownership mortgage bonds group | 189,744 | - | 28,685 | - | 161,059 |
| Total | $ 3,746,680 | 278,055 | 384,363 | 90 | 3,640,462 |

The principal payment obligations and associated interest related to all note and bond indebtedness (excluding the effect of unamortized discounts and premium) commencing April 1, 2020 and thereafter Fare as follows:

| Year Ending March 31 | Outstanding principal | Current interest | Total debt service |
|---|---|---|---|
| 2021 | $ 670,859,634 | 123,857,392 | 794,717,026 |
| 2022 | 115,560,000 | 113,988,423 | 229,548,423 |
| 2023 | 128,950,000 | 110,979,445 | 239,929,445 |
| 2024 | 116,010,000 | 107,549,452 | 223,559,452 |
| 2025 | 87,675,000 | 104,411,725 | 192,086,725 |
| 2026-2030 | 401,515,000 | 483,038,605 | 884,553,605 |
| 2031-2035 | 472,604,262 | 407,193,849 | 879,798,111 |
| 2036-2040 | 634,081,583 | 305,324,433 | 939,406,016 |
| 2041-2044 | 779,503,892 | 157,933,373 | 937,437,265 |
| 2045-2050 | 379,299,130 | 64,455,164 | 443,754,294 |
| 2051-2055 | 103,320,000 | 9,262,439 | 112,582,439 |
| Total | $ 3,889,378,501 | 1,987,994,300 | 5,877,372,801 |



(Continued)

**(5) Loan Participation Payable to Federal Financing Bank**

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

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

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

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

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


(Continued)

| Description | Balance at June 30, 2019 | Issued | Retired | Balance at March 31, 2020 |
|---|---|---|---|---|
| Participation Certificates Outstanding: | | | | |
| Colonnade at Rocktown - Note rate of 4.68%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 3.45%<br>Maturity date of May 1, 2047 | $ 2,907,546 | - | 38,624 | 2,868,922 |
| Wilsondale II - Note rate of 4.47%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 3.12%<br>Maturity date of July 1, 2047 | 7,552,475 | - | 102,768 | 7,449,707 |
| Baker Woods - Note rate of 3.91%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 2.89%<br>Maturity date of December 1, 2052 | 5,484,355 | - | 60,411 | 5,423,944 |
| Twin Canal Village - Note rate of 3.82%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 3.18%<br>Maturity date of April 1, 2043 | 7,067,431 | - | 138,398 | 6,929,033 |
| Treesdale - Note rate of 4.22%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 3.30%<br>Maturity date of November 1, 2048 | 3,709,311 | - | 48,515 | 3,660,796 |
| Landing at Weyers Cove - Note rate of 4.22%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 3.30%<br>Maturity date of November 1, 2048 | 2,439,433 | - | 31,907 | 2,407,526 |
| Belle Hall - Note rate of 3.57%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 2.72%<br>Maturity date of September 1, 2049 | - | 4,450,000 | 41,789 | 4,408,211 |
| Campostella Commons - Note rate of 3.57%<br>Risk-Share percentage (10% HUD / 90% VHDA)<br>Pass-through rate of 2.72%<br>Maturity date of September 1, 2049 | - | 3,400,000 | 31,929 | 3,368,071 |
| Total participation certificates payable | $ 29,160,551 | 7,850,000 | 494,341 | 36,516,210 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
March 31, 2020
(Unaudited)

| Assets | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash and cash equivalents | $ 228,440,067 | 423,377,738 | 300,633,674 | 1,991,867 | 954,443,346 |
| Interest receivable – investments | 1,862,771 | 381,254 | 298,266 | 6,936 | 2,549,227 |
| Mortgage loans held for sale | - | - | 291,754,186 | - | 291,754,186 |
| Mortgage and other loans receivable, net | 8,467,928 | 76,027,430 | 75,685,985 | 6,118,126 | 166,299,469 |
| Interest receivable – mortgage and other loans | 949,704 | 15,270,584 | 7,142,125 | 615,137 | 23,977,550 |
| Other real estate owned | 6,955,790 | 427,000 | 3,284,751 | 621,253 | 11,288,794 |
| Other assets | 9,673,136 | - | 5,280 | - | 9,678,416 |
| Total current assets | 256,349,396 | 515,484,006 | 678,804,267 | 9,353,319 | 1,459,990,988 |
| Noncurrent assets: | | | | | |
| Investments | 566,934,456 | - | - | - | 566,934,456 |
| Mortgage and other loans receivable | 360,698,564 | 3,290,344,854 | 1,987,918,694 | 199,453,234 | 5,838,415,346 |
| Less allowance for loan loss | 47,462,556 | 52,016,798 | 54,226,954 | 2,383,448 | 156,089,756 |
| Less net loan discounts | 448,087 | 46,398,503 | (4,652,951) | 107,655 | 42,301,294 |
| Mortgage and other loans receivable, net | 312,787,921 | 3,191,929,553 | 1,938,344,691 | 196,962,131 | 5,640,024,296 |
| Capital Assets, net of accumulated depreciation and amortization of $42,855,843 | 17,408,621 | 9,186,796 | - | - | 26,595,417 |
| Mortgage servicing rights, net | 38,876,373 | - | - | - | 38,876,373 |
| Other Assets | 12,183,117 | - | - | - | 12,183,117 |
| Total noncurrent assets | 948,190,488 | 3,201,116,349 | 1,938,344,691 | 196,962,131 | 6,284,613,659 |
| **Total assets** | 1,204,539,884 | 3,716,600,355 | 2,617,148,958 | 206,315,450 | 7,744,604,647 |
| **Deferred outflows of resources** | | | | | |
| Other postemployment benefits - change in assumptions | 2,653,422 | - | - | - | 2,653,422 |
| Other postemployment benefits - difference between expected and actual experience | 1,200,594 | - | - | - | 1,200,594 |
| Other postemployment benefits - difference between projected and actual earning | 856,736 | - | - | - | 856,736 |
| Total Deferred outflows of resources | 4,710,752 | - | - | - | 4,710,752 |



(Continued)

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
March 31, 2020
(Unaudited)

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Current liabilities: | | | | | |
| Notes and bonds payable | 564,300,000 | 39,010,000 | 56,292,602 | 11,257,032 | 670,859,634 |
| Accrued interest payable on notes and bonds | 317,933 | 22,553,570 | 6,918,210 | 344,473 | 30,134,186 |
| Escrows | 47,118,476 | - | - | - | 47,118,476 |
| Derivative instruments | - | - | 13,820,055 | - | 13,820,055 |
| Accounts payable and other liabilities | 29,094,750 | - | 1,433 | - | 29,096,183 |
| Total current liabilities | 640,831,159 | 61,563,570 | 77,032,300 | 11,601,505 | 791,028,534 |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net | - | 1,986,539,999 | 1,121,574,621 | 109,533,789 | 3,217,648,409 |
| Project reserves | 114,521,351 | - | - | - | 114,521,351 |
| Loan participation payable to Federal Financing Bank | 36,516,210 | - | - | - | 36,516,210 |
| Other (assets) liabilities | 29,765,941 | 2,603,144 | - | - | 32,369,085 |
| Total noncurrent liabilities | 180,803,502 | 1,989,143,143 | 1,121,574,621 | 109,533,789 | 3,401,055,055 |
| **Total liabilities** | 821,634,661 | 2,050,706,713 | 1,198,606,921 | 121,135,294 | 4,192,083,589 |
| **Deferred inflows of resources** | | | | | |
| Other postemployment benefits - difference between expected and actual experience | 186,913 | - | - | - | 186,913 |
| **Total deferred inflows of resources** | 186,913 | - | - | - | 186,913 |
| **Net position:** | | | | | |
| Net investment in capital assets | 15,135,598 | (630,789) | - | - | 14,504,809 |
| Restricted by bond indentures | - | 1,666,524,431 | 1,418,542,037 | 85,180,156 | 3,170,246,624 |
| Unrestricted | 372,293,464 | - | - | - | 372,293,464 |
| **Total net position** | $ 387,429,062 | 1,665,893,642 | 1,418,542,037 | 85,180,156 | 3,557,044,897 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Nine months ended March 31, 2020
(Unaudited)

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest on mortgage and other loans receivable | $ 7,274,334 | 134,774,752 | 71,497,004 | 7,270,636 | 220,816,726 |
| Housing Choice Voucher program administrative income | 5,374,972 | - | - | - | 5,374,972 |
| Other real estate owned income | - | 14,868 | - | - | 14,868 |
| Gains and recoveries on sale of other real estate owned | 451,853 | - | 282,493 | 25,182 | 759,528 |
| Gains on sale of single family mortgage loans | - | - | 30,691,929 | - | 30,691,929 |
| Mortgage servicing fees net of guaranty fees | 30,922,687 | - | - | - | 30,922,687 |
| Other | 5,689,044 | 2,498,333 | 5,806 | - | 8,193,183 |
| Total operating revenues | 49,712,890 | 137,287,953 | 102,477,232 | 7,295,818 | 296,773,893 |
| Operating expenses: | | | | | |
| Interest on notes and bonds payable | 7,041,831 | 53,077,975 | 27,030,135 | 3,608,556 | 90,758,497 |
| Salaries and related employee benefits | 44,255,957 | - | - | - | 44,255,957 |
| General operating expenses | 43,776,164 | - | - | - | 43,776,164 |
| Note and bond expense | 899,656 | - | 1,736 | - | 901,392 |
| Bond issuance expenses | 241,000 | 2,143,081 | 1,207,466 | - | 3,591,547 |
| Housing Choice Voucher program expenses | 5,988,380 | - | - | - | 5,988,380 |
| Mortgage servicing rights amortization and other servicing costs | 16,438,921 | - | 5,454,585 | - | 21,893,506 |
| Other real estate owned expenses | - | 19,645 | - | - | 19,645 |
| Losses on other real estate owned | 436,121 | 104 | 533,105 | 35,600 | 1,004,930 |
| Provision for loan losses | 14,031,105 | 8,229,212 | (977,132) | (4,776) | 21,278,409 |
| Total operating expenses | 133,109,135 | 63,470,017 | 33,249,895 | 3,639,380 | 233,468,427 |
| Operating income (expense) | (83,396,245) | 73,817,936 | 69,227,337 | 3,656,438 | 63,305,466 |
| Nonoperating revenues (expenses): | | | | | |
| Pass-through grant awards | 68,381,197 | - | - | - | 68,381,197 |
| Pass-through grants expenses | (68,381,197) | - | - | - | (68,381,197) |
| Investment income | 32,079,711 | 4,660,694 | 2,431,403 | 125,555 | 39,297,363 |
| Unrealized loss on derivative instruments | - | - | (11,601,832) | - | (11,601,832) |
| Other, net | 26,970 | - | - | - | 26,970 |
| Total nonoperating revenues, net | 32,106,681 | 4,660,694 | (9,170,429) | 125,555 | 27,722,501 |
| Income (loss) before transfers | (51,289,564) | 78,478,630 | 60,056,908 | 3,781,993 | 91,027,967 |
| Transfers between funds | 75,837,806 | (12,927,138) | (62,962,202) | 51,534 | - |
| Change in net position | 24,548,242 | 65,551,492 | (2,905,294) | 3,833,527 | 91,027,967 |
| Total net position, beginning of year | 362,880,820 | 1,600,342,150 | 1,421,447,331 | 81,346,629 | 3,466,016,930 |
| Total net position, end of nine months | $ 387,429,062 | 1,665,893,642 | 1,418,542,037 | 85,180,156 | 3,557,044,897 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
March 31, 2019
(Unaudited)

| Assets | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Current assets: | | | | | |
| Cash and cash equivalents | $ 209,921,695 | 485,015,872 | 326,133,714 | 3,499,538 | 1,024,570,819 |
| Interest receivable – investments | 1,982,973 | 849,365 | 896,958 | 7,875 | 3,737,171 |
| Mortgage loans held for sale | - | - | 113,350,372 | - | 113,350,372 |
| Mortgage and other loans receivable, net | 6,276,833 | 63,015,042 | 71,236,813 | 6,616,760 | 147,145,448 |
| Interest receivable – mortgage and other loans | 965,944 | 14,680,628 | 7,104,361 | 707,415 | 23,458,348 |
| Other real estate owned | 6,977,297 | 427,000 | 5,678,967 | 1,364,463 | 14,447,727 |
| Other assets | 8,918,008 | - | 3,473 | - | 8,921,481 |
| Total current assets | 235,042,750 | 563,987,907 | 524,404,658 | 12,196,051 | 1,335,631,366 |
| Noncurrent assets: | | | | | |
| Investments | 554,322,071 | - | 81,581,326 | - | 635,903,397 |
| Mortgage and other loans receivable | 232,896,142 | 3,035,891,487 | 1,974,504,154 | 232,260,458 | 5,475,552,241 |
| Less allowance for loan loss | 45,956,971 | 46,776,886 | 59,096,639 | 2,631,467 | 154,461,963 |
| Less net loan discounts | 404,966 | 41,221,430 | (835,096) | 311,047 | 41,102,347 |
| Mortgage and other loans receivable, net | 186,534,205 | 2,947,893,171 | 1,916,242,611 | 229,317,944 | 5,279,987,931 |
| Capital Assets, net of accumulated depreciation and amortization of $40,362,562 | 14,900,849 | 9,883,708 | - | - | 24,784,557 |
| Mortgage servicing rights, net | 38,481,068 | - | - | - | 38,481,068 |
| Other Assets | 18,015,764 | - | - | - | 18,015,764 |
| Total noncurrent assets | 812,253,957 | 2,957,776,879 | 1,997,823,937 | 229,317,944 | 5,997,172,717 |
| **Total assets** | 1,047,296,707 | 3,521,764,786 | 2,522,228,595 | 241,513,995 | 7,332,804,083 |
| **Deferred outflows of resources** | | | | | |
| Other post-employment benefits - change in assumptions | 2,573,591 | - | - | - | 2,573,591 |



(Continued)

Schedule 3

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Net Position
March 31, 2019
(Unaudited)

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| Current liabilities: | | | | | |
| Notes and bonds payable | 445,300,000 | 41,465,001 | 54,269,654 | 19,365,619 | 560,400,274 |
| Accrued interest payable on notes and bonds | 533,688 | 24,020,531 | 7,831,852 | 462,257 | 32,848,328 |
| Escrows | 45,750,651 | - | - | - | 45,750,651 |
| Derivative instruments | - | - | 2,006,992 | - | 2,006,992 |
| Accounts payable and other liabilities | 27,124,294 | - | 114,258 | - | 27,238,552 |
| Total current liabilities | 518,708,633 | 65,485,532 | 64,222,756 | 19,827,876 | 668,244,797 |
| Noncurrent liabilities: | | | | | |
| Bonds payable, net | - | 1,882,920,000 | 1,055,448,666 | 141,693,726 | 3,080,062,392 |
| Project reserves | 112,223,533 | - | - | - | 112,223,533 |
| Loan participation payable to Federal Financing Bank | 29,297,882 | - | - | - | 29,297,882 |
| Other (assets) liabilities | 28,672,641 | 2,716,162 | - | - | 31,388,803 |
| Total noncurrent liabilities | 170,194,056 | 1,885,636,162 | 1,055,448,666 | 141,693,726 | 3,252,972,610 |
| **Total liabilities** | 688,902,689 | 1,951,121,694 | 1,119,671,422 | 161,521,602 | 3,921,217,407 |
| **Deferred inflows of resources** | | | | | |
| Other post employment benefits - difference between expected and actual experience | 207,681 | - | - | - | 207,681 |
| Other post employment benefits - difference between projected and actual earning | 1,729,015 | - | - | - | 1,729,015 |
| **Total deferred inflows of resources** | 1,936,696 | - | - | - | 1,936,696 |
| **Net position:** | | | | | |
| Net investment in capital assets | 11,757,095 | (210,944) | - | - | 11,546,151 |
| Restricted by bond indentures | - | 1,570,854,036 | 1,402,557,173 | 79,992,393 | 3,053,403,602 |
| Unrestricted | 347,273,818 | - | - | - | 347,273,818 |
| **Total net position** | $ 359,030,913 | 1,570,643,092 | 1,402,557,173 | 79,992,393 | 3,412,223,571 |

**VIRGINIA HOUSING DEVELOPMENT AUTHORITY**
(A Component Unit of the Commonwealth of Virginia)
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Nine months ended March 31, 2019
(Unaudited)

| | General Operating Accounts | Rental Housing Bond Group | Commonwealth Mortgage Bond Group | Home-ownership Bond Group | Total |
|---|---|---|---|---|---|
| Operating revenues: | | | | | |
| Interest on mortgage and other loans receivable | $ 5,684,235 | 137,039,449 | 74,128,338 | 8,022,931 | 224,874,953 |
| Housing Choice Voucher program administrative income | 4,860,755 | - | - | - | 4,860,755 |
| Gains and recoveries on sale of other real estate owned | 426,518 | 8,805 | 574,876 | 77,335 | 1,087,534 |
| Gains on sale of single family mortgage loans | - | - | 16,815,664 | - | 16,815,664 |
| Mortgage servicing fees net of guaranty fees | 27,191,566 | - | - | - | 27,191,566 |
| Other | 6,220,504 | 2,488,126 | 6,492 | - | 8,715,122 |
| Total operating revenues | 44,383,578 | 139,536,380 | 91,525,370 | 8,100,266 | 283,545,594 |
| Operating expenses: | | | | | |
| Interest on notes and bonds payable | 8,260,039 | 53,989,905 | 30,348,631 | 4,469,287 | 97,067,862 |
| Salaries and related employee benefits | 43,067,123 | - | - | - | 43,067,123 |
| General operating expenses | 34,715,332 | - | - | - | 34,715,332 |
| Note and bond expense | 489,774 | 5,452 | 1,974 | - | 497,200 |
| Bond issuance expenses | 102,532 | 1,797,668 | - | - | 1,900,200 |
| Housing Choice Voucher program expenses | 5,881,891 | - | - | - | 5,881,891 |
| Servicing release premiums and other servicing costs | 12,302,278 | - | (562,065) | - | 11,740,213 |
| Other real estate owned expenses | - | 166 | - | - | 166 |
| Losses on other real estate owned | 293,155 | - | 852,445 | 52,476 | 1,198,076 |
| Provision for loan losses | 2,889,055 | 864,567 | (5,016,331) | (172,656) | (1,435,365) |
| Total operating expenses | 108,001,179 | 56,657,758 | 25,624,654 | 4,349,107 | 194,632,698 |
| Operating income (expense) | (63,617,601) | 82,878,622 | 65,900,716 | 3,751,159 | 88,912,896 |
| Nonoperating revenues (expenses): | | | | | |
| Pass-through grant awards | 80,990,174 | - | - | - | 80,990,174 |
| Pass-through grants expenses | (80,990,174) | - | - | - | (80,990,174) |
| Investment income | 24,854,875 | 6,768,337 | 8,692,409 | 106,270 | 40,421,891 |
| Unrealized loss on derivative instruments | - | - | (649,530) | - | (649,530) |
| Other, net | 1,069 | - | - | - | 1,069 |
| Total nonoperating revenues, net | 24,855,944 | 6,768,337 | 8,042,879 | 106,270 | 39,773,430 |
| Income (loss) before transfers | (38,761,657) | 89,646,959 | 73,943,595 | 3,857,429 | 128,686,326 |
| Transfers between funds | 83,990,498 | (41,021,731) | (43,046,423) | 77,656 | - |
| Change in net position | 45,228,841 | 48,625,228 | 30,897,172 | 3,935,085 | 128,686,326 |
| Total net position, beginning of year | 313,802,072 | 1,522,017,864 | 1,371,660,001 | 76,057,308 | 3,283,537,245 |
| Total net position, end of nine months | $ 359,030,913 | 1,570,643,092 | 1,402,557,173 | 79,992,393 | 3,412,223,571 |

# DATA ON SINGLE FAMILY MORTGAGE LOANS

This appendix presents current and recent data regarding the performance and type of single family mortgage loans that are either Authority assets or potential liabilities of the Authority because of certain payment and repurchase obligations. Also disclosed is the aggregate balance and percentage of single family mortgage loans in forbearance. The single family mortgage loans that are assets are pledged to the Commonwealth Mortgage Bonds Resolution, pledged to the Homeownership Mortgage Bonds Resolution, or are held in the Authority's General Fund. The single family mortgage loans that are potential liabilities because of certain payment and repurchase obligations are the Ginnie Mae Mortgage Loans and the Fannie Mae Mortgage Loans still in a Repurchase Obligation Period and the single family mortgage loans that are potential liabilities because of certain temporary payment obligations during periods of forbearance are Ginnie Mae Mortgage Loans, Fannie Mae Mortgage Loans, and Mortgage Loans in an Authority Mortgage Backed Security. Note also that outstanding Homeownership Mortgage Bonds and Commonwealth Mortgage Bonds that are not pass-throughs also impose payment obligations on the Authority and the Authority's ability to make those payments could be negatively impacted by mortgage loans in forbearance. The data is presented in the appropriate sections below which are in the same order as they are listed in this paragraph.

Defined terms used and not otherwise defined in this Appendix B have the meaning set forth in the body of this Official Statement. Numbered notations refer to end notes that are located at the end of this Appendix.

## Introduction to the Data

Loans in forbearance are not the equivalent of loans with loan modifications, which are discussed in "Loan Modifications" in "The Single Family Program" in "Part II – Summary of Programs," above. The loans the Authority is servicing which are in forbearance have been put in forbearance because their respective borrowers exercised the right given them by the CARES Act to request forbearance. Loans in forbearance will cause the Authority to advance its own funds for a period of time so that payments continue to Fannie Mae, Ginnie Mae, and to investors in the Authority's pass-through bonds. The Authority reasonably expects to recover a substantial portion of the funds so advanced, but the Authority can give no assurance of either how much of such funds it will recover or how long it will take to recover such advanced funds.

As of March 31, 2020, the Authority's single family mortgage loan portfolio, including single family mortgage loans serviced by the Authority but not assets of the Authority, was identified as follows, in millions, rounded to the nearest million:

| | |
|---|---|
| Commonwealth Bonds Mortgage Loans | $2,338 |
| Homeownership Bonds Mortgage Loans | 206 |
| Mortgage Loans in the Authority's General Fund* | 779 |
| Ginnie Mae Mortgage Loans sold to third parties | 3,349 |
| Fannie Mae Mortgage Loans still in a repurchase obligation period | 1,120 |
| Fannie Mae Mortgage Loans not in a repurchase obligation period | 729 |
| Total | $8,521 |

* Includes Ginnie Mae securities held in the Authority's General Fund

## *Commonwealth Bonds Mortgage Loans*

The outstanding balance, delinquency and foreclosure statistics for single family mortgage loans pledged to the Commonwealth Mortgage Bonds Resolution ("Commonwealth Bonds Mortgage Loans"), including mortgage loans in a Ginnie Mae security that is itself pledged to the Commonwealth Mortgage Bonds Resolution, as of the end of each fiscal year since 2000 and for the most recent quarter and month (as well as certain forbearance statistics for the most recent quarter and month) are set forth below. All loan balances are expressed in millions, rounded to the nearest million.

**Historical Mortgage Loan Performance and Forbearance***

| As of June 30 | Outstanding Balance of Mortgage Loans | Outstanding Balance of Delinquent** Mortgage Loans | Percentage of Mortgage Loans Delinquent** | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure | Outstanding Balance of Mortgage Loans in Forbearance | Percentage of Mortgage Loans in Forbearance |
|---|---|---|---|---|---|---|---|
| 2000 | $3,468 | $78 | 2.2% | $12 | 0.3% | $ - | - % |
| 2001 | 3,692 | 67 | 1.8 | 10 | 0.3 | - | - |
| 2002 | 3,688 | 67 | 1.8 | 10 | 0.3 | - | - |
| 2003 | 2,895 | 63 | 2.2 | 9 | 0.3 | - | - |
| 2004 | 2,444 | 52 | 2.1 | 6 | 0.3 | - | - |
| 2005 | 2,606 | 44 | 1.7 | 5 | 0.2 | - | - |
| 2006 | 3,276 | 45 | 1.4 | 3 | 0.1 | - | - |
| 2007 | 4,184 | 57 | 1.4 | 7 | 0.2 | - | - |
| 2008 | 4,690 | 92 | 2.0 | 17 | 0.4 | - | - |
| 2009 | 4,862 | 223 | 4.6 | 22 | 0.5 | - | - |
| 2010 | 4,599 | 255 | 5.5 | 50 | 1.1 | - | - |
| 2011 | 4,157 | 215 | 5.2 | 56 | 1.4 | - | - |
| 2012 | 3,831 | 207 | 5.4 | 43 | 1.1 | - | - |
| 2013 | 3,651 | 183 | 5.0 | 57 | 1.6 | - | - |
| 2014 | 3,606 | 146 | 4.0 | 47 | 1.3 | - | - |
| 2015 | 3,275 | 157 | 4.8 | 34 | 1.0 | - | - |
| 2016 | 2,984 | 132 | 4.4 | 33 | 1.1 | - | - |
| 2017 | 2,711 | 101 | 3.7 | 30 | 1.1 | - | - |
| 2018 | 2,431 | 94 | 3.9 | 15 | 0.6 | - | - |
| 2019 | 2,242 | 96 | 4.3 | 11 | 0.5 | - | - |
| 2020 (March 31) | 2,338 | 96 | 4.1 | 9 | 0.4 | 3 | 0.1 |
| 2020 (April 30)*** | 2,302 | 76 | 3.3 | 8 | 0.3 | 99 | 4.3 |
| 2020 (May 31)*** | 2,212 | 69 | 3.1 | 7 | 0.3 | 134 | 6.1 |

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.
** Two or more monthly payments delinquent (excluding loans in foreclosure).
*** Due to rapid changes to the number of mortgagors asking for forbearance, the most recent data is added to the quarterly data on this line.

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As of March 31, 2020 the Authority held title to 16 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 $2 million, rounded to the nearest million, as of their dates of foreclosure. During the preceding 12 months, the average period of time to sell such properties was approximately 216 days.

As of March 31, 2020, the aggregate outstanding principal balance of Commonwealth Bonds Mortgage Loans was $2,307 million, all rounded to the nearest million. The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of Commonwealth Bonds Mortgage Loans are level payment mortgage loans. The non-level payment mortgage loans are all the result of loan modifications.

**Current Mortgage Loan Categories**

The following categories of Commonwealth Bonds Mortgage Loans had the following aggregate outstanding principal balances, in millions, except as noted, as of March 31, 2020. The total may not match the sum of the categories due to rounding.

| | |
|---|---|
| Self-Insured First Mortgage Loans | $809 |
| Self-Insured Second Mortgage Loans | 126 |
| Insured by FHA | 728 |
| Insured by VA | 58 |
| Insured by RD | 82 |
| Insured by private mortgage insurance | 535 |
| Securitized through GNMA and held by VHDA | 0 |
| Total | $2,338 |

The following two charts show the distribution of Commonwealth Bonds Mortgage Loans in different ways. Both charts are as of March 31, 2020, and loan balances are in millions of dollars. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution and the delinquency and foreclosure status of Commonwealth Bonds Mortgage Loans by calendar year of origination.

**Mortgage Loan Delinquency by Year of Origination**

| Year of Origination | Outstanding Balance of Mortgage Loans | Percentage of Outstanding Balance | Outstanding Balance of Delinquent* Mortgage Loans | Percentage of Mortgage Loans Delinquent* | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure |
|---|---|---|---|---|---|---|
| All Loans | | | | | | |
| 2013 and earlier | $1,349 | 57.7% | $78 | 5.8% | $7 | 0.6% |
| 2014 | 129 | 5.5 | 7 | 5.6 | 1 | 0.9 |
| 2015 | 191 | 8.2 | 4 | 2.0 | 0 | 0.1 |
| 2016 | 43 | 1.8 | 2 | 3.5 | 0 | 0.3 |
| 2017 | 23 | 1.0 | 1 | 3.8 | 0 | 0.0 |
| 2018 | 25 | 1.1 | 1 | 4.8 | 0 | 0.0 |
| 2019 | 384 | 16.4 | 3 | 0.8 | 0 | 0.0 |
| 2020 | 195 | 8.3 | 0 | 0.0 | 0 | 0.0 |
| Total | $2,338 | 100.0% | $95 | 4.1% | $9 | 0.4% |
| Self-Insured Only | | | | | | |
| 2013 and earlier | $691 | 73.9% | $22 | 3.1 | $2 | 0.3% |
| 2014 | 38 | 4.1 | 1 | 1.9 | 0 | 0.0% |
| 2015 | 54 | 5.7 | 0 | 0.9 | 0 | 0.0% |
| 2016 | 27 | 2.8 | 1 | 2.2 | 0 | 0.4% |
| 2017 | 20 | 2.1 | 1 | 3.1 | 0 | 0.0% |
| 2018 | 20 | 2.1 | 1 | 2.5 | 0 | 0.0% |
| 2019 | 76 | 8.2 | 1 | 0.8 | 0 | 0.0% |
| 2020 | 9 | 1.0% | 0 | 0.0 | 0 | 0.0% |
| Total | $935 | 100.0 | $25 | 2.7 | $2 | 0.2% |

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances of Commonwealth Bonds Mortgage Loans by credit score and by type of mortgage insurer or guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer/Guarantor**

| Credit Score as of Approximately March 2, 2019 | Outstanding Balance of FHA Insured Mortgage Loans | Outstanding Balance of VA Insured Mortgage Loans | Outstanding Balance of RD Insured Mortgage Loans | Outstanding Balance of PMI Insured Mortgage Loans | Outstanding Balance of Self-Insured Mortgage Loans | Outstanding Balance of All Mortgage Loans |
|---|---|---|---|---|---|---|
| 300 through 539 | $94 | $4 | $8 | $5 | $30 | $141 |
| 540 through 579 | 65 | 4 | 6 | 6 | 28 | 108 |
| 580 through 619 | 72 | 3 | 6 | 9 | 40 | 131 |
| 620 through 659 | 121 | 8 | 10 | 23 | 61 | 223 |
| 660 through 699 | 117 | 7 | 14 | 66 | 104 | 309 |
| 700 through 739 | 82 | 9 | 11 | 112 | 119 | 332 |
| 740 through 779 | 78 | 11 | 13 | 141 | 156 | 399 |
| 780 through 850 | 81 | 12 | 12 | 112 | 257 | 474 |
| Not available | 18 | 1 | 1 | 61 | 140 | 221 |
| Total | $728 | $58 | $82 | $535 | $935 | $2,338 |

## ***Homeownership Bonds Mortgage Loans***

The outstanding balance, delinquency and foreclosure statistics for single family mortgage loans pledged to the Homeownership Mortgage Bonds Resolution ("Homeownership Bonds Mortgage Loans") as of the end of each fiscal year since 2010 and for the most recent quarter and month (as well as certain forbearance statistics for the most recent quarter and month) are set forth below. The Authority financed Homeownership Bonds Mortgage Loans between 2009 and 2012. All loans balances are expressed in millions.

**Historical Mortgage Loan Performance and Forbearance***

| As of June 30 | Outstanding Balance of Mortgage Loans | Outstanding Balance of Delinquent** Mortgage Loans | Percentage of Mortgage Loans Delinquent** | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure | Outstanding Balance of Mortgage Loans in Forbearance | Percentage of Mortgage Loans in Forbearance |
|---|---|---|---|---|---|---|---|
| 2010 | $237 | $0 | 0.1% | $0 | 0.0% | $- | -% |
| 2011 | 517 | 8 | 1.5 | 1 | 0.2 | - | - |
| 2012 | 717 | 21 | 3.0 | 3 | 0.5 | - | - |
| 2013 | 468 | 33 | 7.0 | 7 | 1.6 | - | - |
| 2014 | 429 | 24 | 5.5 | 9 | 2.0 | - | - |
| 2015 | 384 | 26 | 6.9 | 7 | 1.9 | - | - |
| 2016 | 335 | 25 | 7.5 | 7 | 2.0 | - | - |
| 2017 | 290 | 18 | 6.2 | 5 | 1.9 | - | - |
| 2018 | 259 | 17 | 6.6 | 3 | 1.3 | - | - |
| 2019 | 231 | 17 | 7.5 | 2 | 0.8 | - | - |
| 2020 (March 31) | 206 | 14 | 6.6 | 1 | 0.7 | 1 | 0.3 |
| 2020 (April 30)*** | 174 | 11 | 6.3 | 1 | 0.8 | 9 | 5.1 |
| 2020 (May 31)*** | 173 | 10 | 5.6 | 1 | 0.8 | 12 | 7.0 |

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.
** Two or more monthly payments delinquent (excluding loans in foreclosure).
*** Due to rapid changes to the number of mortgagors asking for forbearance, the most recent data is added to the quarterly data on this line.

As of March 31, 2020 the Authority held title to 1 single family property which was financed by Homeownership Bonds Mortgage Loans and had been foreclosed upon, but not yet sold. The principal balance of the mortgage loan that financed the property was $132,981 as of its date of foreclosure.

As of March 31, 2020, the aggregate outstanding principal balance of Homeownership Bonds Mortgage Loans was $211 million, all rounded to the nearest million. The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of Homeownership Bonds Mortgage Loans are level payment mortgage loans. The non-level payment mortgage loans, if any, are all the result of loan modifications.

**Current Mortgage Loan Categories**

The following categories of Homeownership Bonds Mortgage Loans had the following aggregate outstanding principal balances, in millions, rounded to the nearest million, as of March 31, 2020. The total may not match the sum of categories due to rounding.

| | |
|---|---|
| Self-Insured First Mortgage Loans | $32 |
| Self-Insured Second Mortgage Loans | 7 |
| Insured by FHA | 152 |
| Insured by VA | 4 |
| Insured by RD | 8 |
| Insured by private mortgage insurance | 2 |
| Total | $206 |

The following chart shows the distribution of outstanding balances of Homeownership Bonds Mortgage Loans by credit score and mortgage insurer or guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer/Guarantor**

| Credit Score as of Approximately March 2, 2020 | Outstanding Balance of FHA Insured Mortgage Loans | Outstanding Balance of VA Insured Mortgage Loans | Outstanding Balance of RD Insured Mortgage Loans | Outstanding Balance of PMI Insured Mortgage Loans | Outstanding Balance of Self-Insured Mortgage Loans | Outstanding Balance of All Mortgage Loans |
|---|---|---|---|---|---|---|
| 300 through 539 | $21 | $0 | $2 | $0 | $2 | $24 |
| 540 through 579 | 15 | 0 | 0 | 0 | 1 | 17 |
| 580 through 619 | 17 | 0 | 0 | 0 | 1 | 19 |
| 620 through 659 | 21 | 0 | 1 | 0 | 2 | 25 |
| 660 through 699 | 22 | 1 | 0 | 0 | 3 | 26 |
| 700 through 739 | 15 | 0 | 1 | 0 | 4 | 20 |
| 740 through 779 | 20 | 1 | 1 | 0 | 5 | 28 |
| 780 through 850 | 20 | 1 | 1 | 2 | 15 | 39 |
| Not available | 0 | 0 | 0 | 0 | 7 | 7 |
| Total | $152 | $4 | $8 | $2 | $40 | $206 |

## ***Mortgage Loans Held in the Authority's General Fund***

The outstanding balance, delinquency and foreclosure statistics for single family mortgage loans held by the Authority's General Fund, including mortgage loans in a Ginnie Mae security that is itself held by the Authority's General Fund, as of the end of each fiscal year since 2010 and for the most recent quarter and month (as well as certain forbearance statistics for the most recent quarter and month) are set forth below. All loans balances are expressed in millions.

**Historical Mortgage Loan Performance and Forbearance***

| As of June 30 | Outstanding Balance of Mortgage Loans | Outstanding Balance of Delinquent** Mortgage Loans | Percentage of Mortgage Loans Delinquent** | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure | Outstanding Balance of Mortgage Loans in Forbearance | Percentage of Mortgage Loans in Forbearance |
|---|---|---|---|---|---|---|---|
| 2010 | $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 | 9 | 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 (March 31) | 779 | 95 | 12.1 | 10 | 1.3 | 2 | 0.3 |
| 2020 (April 30)*** | 781 | 76 | 9.7 | 7 | 0.9 | 56 | 7.2 |
| 2020 (May 31)*** | 779 | 70 | 9.0 | 7 | 0.9 | 77 | 9.9 |

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.
** Two or more monthly payments delinquent (excluding loans in foreclosure).
*** Due to rapid changes to the number of mortgagors asking for forbearance, the most recent data is added to the quarterly data on this line.

As of March 31, 2020 4 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 $1 million, rounded to the nearest million, as of their dates of foreclosure.

As of March 31, 2020 the aggregate outstanding principal balance of single family mortgage loans held by the Authority's General Fund was $734 million, rounded to the nearest million. The Authority formerly made single family mortgage loans under various discontinued programs, some of which had non-level payments, but all of those mortgage loans are now reflected in the chart below in the applicable category. More than 99% of single family mortgage loans held in the Authority's General Fund are level payment mortgage loans. The non-level payment mortgage loans, if any, are all the result of loan modifications.

**Current Mortgage Loan Categories**

The following categories of loans held by the Authority's General Fund had the following aggregate outstanding principal balances, in millions, rounded to the nearest million, as of March 31, 2020. The total may not match the sum of the categories due to rounding.

| | |
|---|---|
| Self-Insured First Mortgage Loans | $20 |
| Self-Insured Second Mortgage Loans | 1 |
| Securitized through GNMA and held by the Authority | 590 |
| Insured by FHA | 162 |
| Insured by VA | 3 |
| Insured by RD | 5 |
| Total | $779 |

The following two charts show the distribution of the Authority's General Fund Loans. Both charts are as of March 31, 2020 and loan balances are in millions of dollars. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution and the delinquency and foreclosure status of 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 |
|---|---|---|---|---|---|---|
| All Loans | | | | | | |
| 2013 and earlier | $245 | 31.5% | $20 | 8.2% | $3 | 1.3% |
| 2014 | 57 | 7.3 | 6 | 9.9 | 0 | 0.3 |
| 2015 | 59 | 7.5 | 11 | 18.2 | 0 | 0.5 |
| 2016 | 148 | 19.0 | 23 | 15.6 | 3 | 2.2 |
| 2017 | 138 | 17.8 | 19 | 13.8 | 2 | 1.4 |
| 2018 | 103 | 13.3 | 14 | 13.4 | 1 | 0.7 |
| 2019 | 29 | 3.7 | 1 | 5.1 | 0 | 1.1 |
| 2020 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0% |
| Total | $779 | 100.0% | $94 | 12.1% | $10 | 1.3 |
| Self-Insured Only | | | | | | |
| 2013 and earlier | $9 | 46.7% | $0 | 3.9% | $0 | 0.0% |
| 2014 | 1 | 2.7 | 0 | 24.1 | 0 | 0.0 |
| 2015 | 2 | 11.4 | 1 | 31.0 | 0 | 4.9 |
| 2016 | 4 | 17.8 | 1 | 30.4 | 0 | 10.8 |
| 2017 | 3 | 15.2 | 2 | 56.2 | 0 | 0.0 |
| 2018 | 1 | 4.8 | 1 | 69.4 | 0 | 13.2 |
| 2019 | 0 | 1.4 | 0 | 0.0 | 0 | 0.0 |
| 2020 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | $20 | 100.0% | $5 | 23.3% | $0 | 0.0% |

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances of General Fund by credit score and by type of mortgage insurer or guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer/Guarantor**

| Credit Score as of Approximately March 2, 2020 | Outstanding Balance of FHA Insured Mortgage Loans | Outstanding Balance of VA Insured Mortgage Loans | Outstanding Balance of RD Insured Mortgage Loans | Outstanding Balance of PMI Insured Mortgage Loans | Outstanding Balance of Self-Insured Mortgage Loans | Outstanding Balance of All Mortgage Loans |
|---|---|---|---|---|---|---|
| 300 through 539 | $139 | $2 | $3 | $0 | $3 | $148 |
| 540 through 579 | 64 | 1 | 3 | 0 | 1 | 70 |
| 580 through 619 | 72 | 2 | 3 | 0 | 1 | 78 |
| 620 through 659 | 91 | 3 | 4 | 0 | 0 | 99 |
| 660 through 699 | 91 | 3 | 6 | 0 | 0 | 100 |
| 700 through 739 | 72 | 3 | 4 | 0 | 1 | 80 |
| 740 through 779 | 77 | 3 | 4 | 0 | 0 | 84 |
| 780 through 850 | 52 | 3 | 8 | 0 | 1 | 64 |
| Not available | 44 | 1 | 1 | 0 | 12 | 57 |
| Total | $702 | $21 | $36 | $0 | $20 | $779 |

## *Ginnie Mae Mortgage Loans Sold to Third Parties*

The outstanding balance, delinquency and foreclosure statistics for single family mortgage loans securitized through Ginnie Mae as of the end of each fiscal year since 2009, the first year VHDA securitized through Ginnie Mae, and for the most recent quarter and month (as well as certain forbearance statistics for the most recent quarter and month), are set forth below. All loan balances are expressed in millions. For additional information, see "Ginnie Mae Financing" in "The Single Family Programs."

**Historical Mortgage Loan Performance and Forbearance***

| As of June 30 | Outstanding Balance of Mortgage Loans | Outstanding Balance of Delinquent** Mortgage Loans | Percentage of Mortgage Loans Delinquent** | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure | Outstanding Balance of Mortgage Loans in Forbearance | Percentage of Mortgage Loans in Forbearance |
|---|---|---|---|---|---|---|---|
| 2009 | $0 | $0 | 0.0% | $0 | 0.0% | $- | -% |
| 2010 | 264 | 8 | 3.0 | 0 | 0.2 | - | - |
| 2011 | 325 | 13 | 3.9 | 3 | 0.9 | - | - |
| 2012 | 234 | 12 | 5.1 | 2 | 0.9 | - | - |
| 2013 | 620 | 13 | 2.2 | 3 | 0.5 | - | - |
| 2014 | 658 | 19 | 2.9 | 1 | 0.2 | - | - |
| 2015 | 745 | 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 (March 31) | 3,349 | 96 | 2.9 | 2 | 0.1 | 8 | 0.2 |
| 2020 (April 30)*** | 3,404 | 74 | 2.2 | 2 | 0.0 | 244 | 7.2 |
| 2020 (May 31)*** | 3,462 | 69 | 2.0 | 1 | 0.0 | 322 | 9.3 |

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.
** Two or more monthly payments delinquent (excluding loans in foreclosure).
*** Due to rapid changes to the number of mortgagors asking for forbearance, the most recent data is added to the quarterly data on this line.

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The following two charts show the distribution of the Authority's Ginnie Mae Mortgage Loans. Both charts are as of March 31, 2020 and loan balances are in the millions of dollars. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution and the delinquency and foreclosure status of Ginnie Mae Mortgage Loans by calendar year of origination.

**Mortgage Loan Delinquency by Year of Origination**

| Year of Origination | Outstanding Balance of Mortgage Loans | Percentage of Outstanding Balance | Outstanding Balance of Delinquent* Mortgage Loans | Percentage of Mortgage Loans Delinquent* | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure |
|---|---|---|---|---|---|---|
| All Loans | | | | | | |
| 2013 and earlier | $351 | 10.5% | $12 | 3.4% | $0 | 0.0% |
| 2014 | 71 | 2.1 | 2 | 3.0 | 0 | 0.0 |
| 2015 | 286 | 8.5 | 10 | 3.5 | 0 | 0.0 |
| 2016 | 611 | 18.2 | 19 | 3.2 | 1 | 0.1 |
| 2017 | 600 | 17.9 | 20 | 3.3 | 1 | 0.2 |
| 2018 | 536 | 16.0 | 20 | 3.7 | 0 | 0.1 |
| 2019 | 814 | 24.3 | 12 | 1.5 | 0 | 0.0 |
| 2020 | 80 | 2.4 | 0 | 0.0 | 0 | 0.0 |
| Total | $3,349 | 100.0% | $96 | 2.9% | $2 | 0.1% |

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances of Ginnie Mae Mortgage Loans by credit score and by type of mortgage insurer or guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer/Guarantor**

| Credit Score as of Approximately March 2, 2020 | Outstanding Balance of FHA Insured Mortgage Loans | Outstanding Balance of VA Insured Mortgage Loans | Outstanding Balance of RD Insured Mortgage Loans | Outstanding Balance of PMI Insured Mortgage Loans | Outstanding Balance of Self-Insured Mortgage Loans | Outstanding Balance of All Mortgage Loans |
|---|---|---|---|---|---|---|
| 300 through 539 | $310 | $9 | $13 | $0 | $0 | $332 |
| 540 through 579 | 179 | 5 | 5 | 0 | 0 | 189 |
| 580 through 619 | 279 | 8 | 11 | 0 | 0 | 298 |
| 620 through 659 | 481 | 16 | 17 | 0 | 0 | 514 |
| 660 through 699 | 538 | 20 | 21 | 0 | 0 | 579 |
| 700 through 739 | 432 | 19 | 24 | 0 | 0 | 475 |
| 740 through 779 | 371 | 23 | 25 | 0 | 0 | 418 |
| 780 through 850 | 237 | 14 | 14 | 0 | 0 | 265 |
| Not available | 251 | 11 | 15 | 0 | 0 | 278 |
| Total | $3,077 | $126 | $145 | $0 | $0 | $3,349 |

## ***Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period***

The outstanding balance, delinquency and foreclosure statistics for Fannie Mae Mortgage Loans Still in a Repurchase Obligation Period as of the end of each fiscal year since 2013 and for the most recent quarter and month (as well as certain forbearance statistics for the most recent quarter and month) when the Authority first used this program, are set forth below. All loan balances are expressed in millions. For additional information, see "Fannie Mae Financing" in "The Single Family Programs."

**Historical Mortgage Loan Performance and Forbearance***

| As of June 30 | Outstanding Balance of Mortgage Loans | Outstanding Balance of Delinquent** Mortgage Loans | Percentage of Mortgage Loans Delinquent** | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure | Outstanding Balance of Mortgage Loans in Forbearance | Percentage of Mortgage Loans in Forbearance |
|---|---|---|---|---|---|---|---|
| 2013 | $52 | $0 | 0.0% | $0 | 0.0% | $ - | - % |
| 2014 | 92 | 0 | 0.0 | 0 | 0.0 | - | - |
| 2015 | 99 | 0 | 0.0 | 0 | 0.0 | - | - |
| 2016 | 175 | 0 | 0.2 | 0 | 0.0 | - | - |
| 2017 | 665 | 1 | 0.1 | 0 | 0.0 | - | - |
| 2018 | 1,086 | 2 | 0.2 | 0 | 0.0 | - | - |
| 2019 | 1,266 | 6 | 0.4 | 0 | 0.0 | - | - |
| 2020 (March 31) | 1,120 | 7 | 0.6 | 0 | 0.0 | 2 | 0.2 |
| 2020 (April 30)*** | 1,086 | 4 | 0.4 | 0 | 0.0 | 60 | 5.5 |
| 2020 (May 31)*** | 1,055 | 4 | 0.3 | 0 | 0.0 | 76 | 7.2 |

* Forbearance mandated by the CARES Act. A mortgage loan in forbearance is not considered delinquent.
** Two or more monthly payments delinquent (excluding loans in foreclosure).
*** Due to rapid changes to the number of mortgagors asking for forbearance, the most recent data is added to the quarterly data on this line.

The following two charts show the distribution of the Authority's Fannie Mae Mortgage Loans. Both charts are as of March 31, 2020 and loan balances are in millions. Certain amounts may not sum to the total due to rounding.

The following chart shows the distribution and the delinquency and foreclosure status of Fannie Mae Mortgage Loans by calendar year of origination.

**Mortgage Loan Delinquency by Year of Origination**

| Year of Origination | Outstanding Balance of Mortgage Loans | Percentage of Outstanding Balance | Outstanding Balance of Delinquent* Mortgage Loans | Percentage of Mortgage Loans Delinquent* | Outstanding Balance of Mortgage Loans in Foreclosure | Percentage of Mortgage Loans in Foreclosure |
|---|---|---|---|---|---|---|
| All Loans | | | | | | |
| 2013 and earlier | $0 | 0.0% | $0 | 0.0% | $0 | 0.0% |
| 2014 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2015 | 84 | 7.5 | 1 | 0.7 | 0 | 0.0 |
| 2016 | 346 | 30.9 | 2 | 0.6 | 0 | 0.0 |
| 2017 | 378 | 33.7 | 2 | 0.6 | 0 | 0.0 |
| 2018 | 285 | 25.4 | 1 | 0.5 | 0 | 0.0 |
| 2019 | 28 | 2.5 | 0 | 1.1 | 0 | 0.0 |
| 2020 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | $1,120 | 100.0% | $7 | 0.6% | $0 | 0.0% |
| Self-Insured Only | | | | | | |
| 2013 and earlier | $0 | 0.0% | $0 | 0.0% | $0 | 0.0% |
| 2014 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| 2015 | 84 | 7.5 | 1 | 0.7 | 0 | 0.0 |
| 2016 | 345 | 30.9 | 2 | 0.6 | 0 | 0.0 |
| 2017 | 377 | 33.7 | 2 | 0.6 | 0 | 0.0 |
| 2018 | 285 | 25.4 | 1 | 0.5 | 0 | 0.0 |
| 2019 | 28 | 2.5 | 0 | 1.1 | 0 | 0.0 |
| 2020 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | $1,120 | 100.0% | $7 | 0.6% | $0 | 0.0% |

* Two or more monthly payments delinquent (excluding loans in foreclosure).

The following chart shows the distribution of outstanding balances of Fannie Mae Mortgage Loans by credit score and by type of mortgage insurer or guarantor.

**Mortgage Loans by Credit Score and Mortgage Insurer/Guarantor**

| Credit Score as of Approximately March 2, 2020 | Outstanding Balance of FHA Insured Mortgage Loans | Outstanding Balance of VA Insured Mortgage Loans | Outstanding Balance of RD Insured Mortgage Loans | Outstanding Balance of PMI Insured Mortgage Loans | Outstanding Balance of Self-Insured Mortgage Loans | Outstanding Balance of All Mortgage Loans |
|---|---|---|---|---|---|---|
| 300 through 539 | $0 | $0 | $0 | $0 | $31 | $31 |
| 540 through 579 | 0 | 0 | 0 | 0 | 17 | 17 |
| 580 through 619 | 0 | 0 | 0 | 0 | 30 | 30 |
| 620 through 659 | 0 | 0 | 0 | 0 | 72 | 72 |
| 660 through 699 | 0 | 0 | 0 | 0 | 135 | 136 |
| 700 through 739 | 0 | 0 | 0 | 0 | 205 | 205 |
| 740 through 779 | 0 | 0 | 0 | 0 | 287 | 287 |
| 780 through 850 | 0 | 0 | 0 | 0 | 259 | 259 |
| Not available | 0 | 0 | 0 | 0 | 83 | 83 |
| Total | $0 | $0 | $0 | $1 | $1,120 | $1,120 |

***Fannie Mae Mortgage Loans Not in a Repurchase Obligation Period***

The Authority continues to service these single family mortgage loans and could be obligated to advance money to cover payments during periods when loans in this category are in forbearance.

See "Fannie Mae Financing" in "The Single Family Program" in "Part II – Summary of Programs" for more information on the risk to the Authority of loans in this category in forbearance. As of April 30, 2020, the aggregate outstanding principal balance of mortgage loans in this category was $853 million, rounded to the nearest million, of which 4.2%, with an aggregate outstanding principal balance of $35 million, rounded to the nearest million, was in forbearance.

# ADDITIONAL INFORMATION CONCERNING SINGLE FAMILY MORTGAGE INSURANCE POLICIES

## 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 Programs").

## 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.

The maximum VA guaranty on a loan is the lesser of (i) the veteran's available entitlement (a maximum of $36,000, or if the original loan amount exceeds $144,000, the "maximum guarantee amount" described below) or (ii) (1) 50% of the original loan amount if such amount does not exceed $45,000, (2) $22,500 if the original loan amount is between $45,000 and $56,250, (3) the lesser of $36,000 or 40% of the original loan amount if such amount is between $56,250 and $144,000 or (4) the lesser of the "maximum guarantee amount" described below or 25% of the original loan amount if such amount is in excess of $144,000. Such "maximum guaranty amount" generally is the dollar amount that is equal to 25 percent of the Freddie Mac conforming loan limit for a single family residence. (Pursuant to the Housing and Economic Recovery Act of 2008, the Veterans Benefit Improvement Act of 2008 and the Honoring America's Veterans and Caring for Camp Lejeune Families Act of 2012, the "maximum guaranty amount" for loans originated from July 30, 2008 through December 31, 2011 and from August 6, 2012 through December 31, 2014 is 25% of the greater of: (a) the Freddie Mac conforming loan limit, and (b) 125% of the area median price for a single family residence, but in no case to exceed 175% of the Freddie Mac conforming loan limit.) 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 Programs").

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 Programs"). 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: (a) the mortgage insurer must pay a claim, including unpaid principal, accrued interest, the amounts equal to deferred interest in connection with mortgage loans with graduated payments schedules, if any, and expenses, within sixty days of presentation of the claim by the Authority; (b) when a claim for the outstanding principal amount, accrued interest and expenses is presented, the mortgage insurer must either (i) pay such claim in full and take title to the mortgaged property and arrange for its sale or (ii) pay the insured percentage of such claim and allow the Authority to retain title to the mortgaged property or (iii) settle a claim for actual losses where such losses are less than the insured percentage of the claim. (See "Single Family Mortgage Loan Insurance" in "The Single Family Programs" for a discussion of federal legislation affecting private mortgage insurance).

# CERTAIN FEDERAL INCOME TAX MATTERS RELATING TO SINGLE FAMILY MORTAGE LOAN PROGRAMS

The Code substantially restricts the use of proceeds of tax-exempt bonds used to finance mortgage loans for single family housing or to refund such bonds. Under the Code, interest on bonds the proceeds of which are used to provide mortgage loans on owner-occupied housing is not excluded from gross income for federal income tax purposes unless the bonds are part of a "qualified mortgage issue." An issue of bonds constitutes a "qualified mortgage issue" if all of the following requirements are met: (i) all proceeds of the issue (exclusive of issuance costs and a reasonably required reserve) are to be used to finance owner-occupied residences, (ii) the mortgage loans financed with the issue and the mortgagors meet certain eligibility requirements, (iii) the yield that is earned by the issuer of the bonds from such mortgage loans and from certain non-mortgage investments that are allocable to the issue, including investments that are held as part of a debt service reserve fund, does not exceed specified limitations and (iv) certain other requirements are met relating to the issue itself and the availability of proceeds of the issue for financing housing located in federally designated targeted areas ("Targeted Areas") (as defined below). These requirements are more fully described below. The Authority has issued and is issuing Tax-Exempt Bonds and expects to issue additional Tax-Exempt Bonds which are or will be subject to these requirements ("Qualified Mortgage Bonds"). Interest on Taxable Bonds is included in gross income for federal income tax purposes; therefore, Taxable Bonds are not subject to these requirements. However, some of the single family mortgage loans financed by Taxable Bonds were formerly financed, in part, by certain Qualified Mortgage Bonds which are Tax-Exempt Bonds as defined and used in the text of this Official Statement.

**The following requirements apply to single family mortgage loans financed, in whole or in part, with the proceeds of Qualified Mortgage Bonds.**

### Residence Requirements

As required by the Code, all residences financed with Qualified Mortgage Bonds must be single family residences located within the Commonwealth, and both the Authority and the mortgagor must reasonably expect that the residence will become the mortgagor's principal residence within a reasonable time after the single family mortgage loan is executed or assumed. These requirements can normally be met by having each mortgagor execute an affidavit stating that the residence is within the Commonwealth and that the mortgagor intends to make the residence his principal residence within such reasonable time period, normally sixty 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) 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) 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 Agents 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 Program that mortgage funds are available for such areas. The Targeted Areas in which the Authority is to make the mortgage funds available include those census tracts in the Commonwealth in which 70% or more of the families have an income which is 80% or less of the statewide median family income based on the most recent "safe harbor" statistics published by the U.S. Treasury. Targeted Areas also include areas of chronic economic distress designated by the Commonwealth and approved by the Secretaries of Housing and Urban Development and the Treasury under criteria specified in the Code.

**Other Single Family Mortgage Loan Eligibility Requirements**

The Code does not allow proceeds of Qualified Mortgage Bonds to be used to acquire existing mortgage loans (thereby requiring the Authority to apply such proceeds only to newly-originated mortgage loans) or to replace existing mortgage loans (thereby precluding refinancings of mortgage loans). This requirement does not prohibit the Authority from acquiring or replacing construction loans, bridge loans or other similar temporary initial financing. The Purchase Agreements incorporate these restrictions.

The Code requires that each mortgage loan financed with the proceeds of Qualified Mortgage Bonds may only be assumed if the requirements relating to principal residence, three year lack of prior ownership, income requirements and acquisition cost limitations are met with respect to the assumption. The determinations as to compliance with these requirements are to be made as of the date on which the mortgage loan is being assumed. Accordingly, the Authority must make the required statistical study or otherwise determine (e.g., by reliance on "safe harbor" statistics published by the U.S. Treasury) the relevant average area purchase prices for each statistical area within the Commonwealth on an annual basis, and must assure compliance with the other applicable requirements of the Code as long as a series of bonds is outstanding. The Authority has so covenanted in the Commonwealth Mortgage Bonds Resolution and the Homeownership 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 percent of the gain) is recaptured on disposition of the home. The recapture amount increases over the period of ownership, with full recapture occurring if the house is sold between four and five full years after the closing of the mortgage loan. The recapture amount declines ratably to zero with respect to sales between five and nine full years after the closing of the mortgage loan. An exception excludes from recapture part of all of the subsidy in the case of assisted individuals whose incomes are less than prescribed amounts at the time of the disposition. The Code requires that the issuer of Qualified Mortgage Bonds provide at settlement of each mortgage loan a written statement informing the mortgagor of the Recapture Provision and, within 90 days thereafter, a written statement specifying certain information needed by the mortgagor to compute the recapture amount. The Authority has included in its program documentation requirements that such information be provided in the time and manner required by the Code.

The following requirements apply only with respect to Qualified Mortgage Bonds, except as otherwise noted; accordingly, these requirements do not apply to Taxable Bonds.

**Other Requirements**

For Qualified Mortgage Bonds, the Code requires the Authority to pay to the U.S. Treasury certain amounts earned on investments, which amounts must be computed in accordance with the applicable provisions of the Code. The Authority has covenanted to establish accounting procedures to determine the amount of such excess investment earnings. Such amount, if any, is not subject to the pledge or lien of the Commonwealth Mortgage Bonds Resolution and Homeownership 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, (1) 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 loan, (2) 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 (3) 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 March 31, 2020

| Development (7) | Location | Original Mortgage Loan Amount (1) | Current Mortgage Loan Amount (9) | Program (8)(10) | Type of Occupancy | Total Units | Occupancy Rate (5) | Construction Complete |
|---|---|---|---|---|---|---|---|---|
| **Developments with Mortgage Loans Funded by, or Scheduled to be Funded By, the Currently Outstanding Bonds** | | | | | | | | |
| 1 West Jackson Street | Richmond City | $4,275,000 | $3,814,748 | MUMI (2) | General | 54 | 100% | 100% |
| 10403 Layton Hall Drive | Fairfax City | $415,000 | $326,658 | Conventional | Supportive Hsg | 4 | 100% | 100% |
| 10452 Armstrong Street | Fairfax City | $121,000 | $98,922 | Conventional | Supportive Hsg | 4 | 100% | 100% |
| 106 Sixth Street | Pulaski County | $150,000 | $105,720 | Conventional | General | 5 | 40% | 100% |
| 1131 North Kensington Street | Arlington County | $710,000 | $383,204 | Conventional | Supportive Hsg | 8 | 100% | 100% |
| 115 Berkshire Place | Lynchburg City | $68,000 | $46,406 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| 1229 Hull Street | Richmond City | $1,000,000 | $906,747 | MUMI (2) | General | 10 | 50% | 100% |
| 1245 36th Street | Newport News City | $94,000 | $77,167 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| 1314 West Johnson Street | Staunton City | $950,000 | $735,211 | Conventional | Supportive Hsg | 18 | 100% | 100% |
| 1504 Waterside Drive | Chesapeake City | $470,000 | $390,779 | Conventional | Supportive Hsg | 1 | n/a | 100% |
| 1519-1525 North 22nd Street | Richmond City | $496,000 | $426,942 | Conventional | General | 4 | 100% | 100% |
| 1705 East Main Street | Richmond City | $465,000 | $293,357 | MUMI (2) | General | 4 | 75% | 100% |
| 1906 Charles Street | Fredericksburg City | $105,000 | $40,804 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| 1907 Charles Street | Fredericksburg City | $335,000 | $267,846 | Conventional | Supportive Hsg | 2 | 100% | 100% |
| 1933 McCulloch Road | Hampton City | $317,000 | $250,167 | Conventional | Supportive Hsg | 8 | n/a | 100% |
| 200 West I | Virginia Beach City | $11,200,000 | $11,157,857 | Tax Credit | General | 152 | 100% | 100% |
| 2001 East Broad Street | Richmond City | $8,150,000 | $7,433,650 | MUMI (2) | General | 75 | 99% | 100% |
| 2112 Nicolet Circle | Richmond City | $290,000 | $286,800 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| 217 Paladin Drive | Virginia Beach City | $184,500 | $136,238 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| 2208 Jolly Pond | James City County | $485,000 | $404,329 | Conventional | Supportive Hsg | 6 | n/a | 100% |
| 225 Baugh Lane | Washington County | $365,000 | $290,761 | Conventional | General | 7 | 71% | 100% |
| 2323 Arden Street | Fairfax County | $750,000 | $579,039 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| 2604 Charles Street | Fredericksburg City | $264,500 | $134,738 | Conventional | Supportive Hsg | 2 | 50% | 100% |
| 3548 Barry Street | Virginia Beach City | $177,000 | $129,885 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| 401 Campbell Lofts | Roanoke City | $1,250,000 | $1,043,528 | MUMI (2) | General | 15 | 93% | 100% |
| 4108 Middle Ridge Road | Fairfax County | $251,000 | $215,965 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| 4620 Ardmore Lane | Virginia Beach City | $285,000 | $236,562 | Conventional | Supportive Hsg | 2 | n/a | 100% |
| 501 East Main Street | Richmond City | $900,000 | $865,175 | MUMI (2) | General | 8 | 100% | 100% |
| 5612 Dunn Loring Court | Virginia Beach City | $295,000 | $185,280 | Conventional | Supportive Hsg | 3 | n/a | 100% |
| 6 Azalea Drive | Newport News City | $110,000 | $85,799 | Conventional | Supportive Hsg | 1 | n/a | 100% |
| 607 Notabene | Alexandria City | $700,000 | $666,921 | Conventional | Supportive Hsg | 7 | 86% | 100% |
| 612 Notabene | Alexandria City | $351,050 | $28,006 | Conventional | Supportive Hsg | 10 | 100% | 100% |

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|---|---|---|---|---|---|---|---|---|
| 6301 Mockingbird Lane | Chesterfield County | $200,000 | $151,652 | Conventional | Supportive Hsg | 4 | 100% | 100% |
| 6422 Centerville Road | James City County | $484,000 | $393,455 | Conventional | Supportive Hsg | 1 | n/a | 100% |
| 647 Stuart Street | Fredericksburg City | $80,000 | $43,535 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| 665 Bethune Drive | Virginia Beach City | $198,900 | $146,870 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| 701 Saint James | Richmond City | $3,250,000 | $2,807,345 | Conventional | General | 41 | 100% | 100% |
| 801 Main Street | Newport News City | $1,960,000 | $1,873,810 | Tax Credit | Elderly | 44 | 100% | 100% |
| 802 Cynthianna Avenue | Charlottesville City | $345,000 | $267,446 | Conventional | General | 6 | 100% | 100% |
| 824 Madison Avenue | Roanoke City | $120,000 | $34,194 | Tax Credit | General | 4 | 100% | 100% |
| 908 Perry Street | Richmond City | $4,300,000 | $3,949,365 | Conventional | General | 41 | 100% | 100% |
| 909 Perry Street | Richmond City | $4,000,000 | $3,559,760 | Conventional | General | 44 | 100% | 100% |
| 9525 Pampas Drive | Chesterfield County | $234,500 | $152,220 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Abbington at Hampton Center | Hampton City | $9,550,000 | $6,750,695 | Conventional | General | 176 | 97% | 100% |
| Abbington at Northampton II | Hampton City | $10,024,500 | $6,537,917 | Conventional | General | 146 | 99% | 100% |
| Abbington at Northampton III | Hampton City | $5,266,165 | $4,076,043 | Conventional | General | 120 | 98% | 100% |
| Abby I | Fredericksburg City | $450,000 | $252,008 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Abby II | Fredericksburg City | $605,000 | $372,734 | Conventional | Supportive Hsg | 8 | 100% | 100% |
| AC Wilson Building | Radford City | $875,000 | $797,240 | MUMI (2) | General | 10 | 100% | 100% |
| Acorn Grove | Chesapeake City | $3,479,000 | $411,495 | Tax Credit | General | 107 | 99% | 100% |
| Ada Park | Newport News City | $1,950,000 | $1,880,164 | Tax Credit | General | 42 | 81% | 100% |
| Addison at Crater Woods | Petersburg City | $25,500,000 | $22,891,554 | Conventional | General | 234 | 97% | 100% |
| Affordable Homes | Hampton City | $270,000 | $247,158 | Conventional | Supportive Hsg | 2 | 50% | 100% |
| Akers Rentals | Russell County | $400,000 | $369,408 | Conventional | General | 9 | 100% | 100% |
| Alexandria Station | Alexandria City | $28,200,000 | $25,298,854 | Tax Credit | General | 290 | 97% | 100% |
| Amherst Acres II | Amherst County | $300,000 | $194,885 | Tax Credit | General | 5 | 100% | 100% |
| Amherst Acres III | Amherst County | $415,000 | $328,566 | Tax Credit | General | 10 | 90% | 100% |
| Angel Court | King George County | $1,425,000 | $1,222,202 | Tax Credit | General | 24 | 96% | 100% |
| Angelwood at Caroline | Caroline County | $1,150,000 | $1,023,789 | Tax Credit | General | 26 | 100% | 100% |
| Ansell Gardens | Portsmouth City | $1,900,000 | $1,315,495 | Tax Credit | General | 78 | 96% | 100% |
| Apartments at Kingsridge | Henrico County | $4,838,000 | $4,784,249 | Tax Credit | General | 72 | 99% | 100% |
| Aquia Fifteen at Towne Center | Stafford County | $31,000,000 | $29,907,162 | Tax Credit | General | 256 | 96% | 100% |
| Arbelo and Longview | Alexandria City | $8,250,000 | $7,529,130 | Tax Credit | General | 75 | 88% | 100% |
| Arbor Glen | Chesapeake City | $13,645,000 | $12,498,514 | Tax Credit | General | 240 | 95% | 100% |
| Arbors | Richmond City | $4,179,916 | $3,808,786 | Tax Credit | Elderly | 85 | 99% | 100% |
| Arbors at Shoulders Hill | Suffolk City | $13,500,000 | $13,405,276 | Tax Credit | Elderly | 138 | 99% | 100% |
| Arbors at Towne Park | York County | $10,700,000 | $10,621,372 | Tax Credit | Elderly | 130 | 100% | 100% |
| Argon | Richmond City | $7,210,000 | $6,854,687 | Conventional | General | 66 | 97% | 100% |
| Arlington Mill | Arlington County | $8,870,000 | $8,140,551 | Tax Credit | General | 122 | 98% | 100% |
| Armstrong Place | Lynchburg City | $220,000 | $196,489 | Tax Credit | Supportive Hsg | 28 | 96% | 100% |
| Arna Valley View | Arlington County | $8,420,000 | $7,555,202 | Tax Credit | General | 101 | 99% | 100% |
| Ashland Woods | Hanover County | $12,275,000 | $11,760,231 | Tax Credit | General | 150 | 94% | 100% |

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| Ashpone Tavern Village | Franklin County | $640,000 | $465,187 | Conventional | General | 10 | 100% | 100% |
| Ashton Hill (4) | Roanoke City | $5,912,000 | $0 | Conventional | General | 0 | n/a | 100% |
| Aspen Club | Fauquier County | $6,100,000 | $4,762,012 | Tax Credit | General | 108 | 97% | 100% |
| Aspen South | Fauquier County | $10,750,000 | $10,750,000 | Conventional | General | 100 | 89% | 100% |
| Aspen Village | Fauquier County | $1,980,000 | $1,466,519 | Tax Credit | General | 30 | 100% | 100% |
| Atlantic at Brook Run | Henrico County | $7,000,000 | $6,402,912 | Tax Credit | Elderly | 120 | 92% | 100% |
| Atlantic at Charter Colony | Chesterfield County | $7,100,000 | $5,605,498 | Tax Credit | Elderly | 113 | 96% | 100% |
| Atrium Lofts at Cold Storage | Richmond City | $7,000,000 | $6,438,210 | Conventional | General | 72 | 89% | 100% |
| Audubon Village I | Henrico County | $14,350,000 | $13,742,423 | Tax Credit | General | 160 | 95% | 100% |
| Audubon Village II | Henrico County | $4,380,000 | $4,258,316 | Tax Credit | General | 54 | 94% | 100% |
| Aura Downtown | Norfolk City | $24,300,000 | $23,575,744 | Conventional | General | 156 | 90% | 100% |
| Autumn Ridge | Roanoke City | $683,000 | $434,921 | Tax Credit | General | 72 | 96% | 100% |
| Autumnwood Heights | Charlotte County | $1,105,000 | $954,514 | Tax Credit, RD515 | Elderly | 40 | 100% | 100% |
| Bacon Retirement Community | Richmond City | $900,000 | $332,811 | Conventional | Elderly | 58 | 98% | 100% |
| Bainbridge Commons | Chesapeake City | $6,325,000 | $5,889,006 | Tax Credit | General | 92 | 100% | 100% |
| Barrington | Prince William County | $10,275,000 | $9,426,883 | Conventional | General | 124 | 96% | 100% |
| Battleground | Smyth County | $335,000 | $254,857 | Tax Credit, RD515 | General | 24 | 100% | 100% |
| Bay Creek | Hampton City | $10,525,000 | $10,063,537 | Tax Credit | General | 184 | 88% | 100% |
| Bayberry I | Virginia Beach City | $950,000 | $676,877 | Conventional | General | 14 | 100% | 100% |
| Bayberry II | Virginia Beach City | $1,090,000 | $767,758 | Conventional | General | 14 | 86% | 100% |
| Bayberry III | Virginia Beach City | $881,000 | $594,851 | Conventional | General | 10 | 70% | 100% |
| Bayberry IV | Virginia Beach City | $788,000 | $624,915 | Conventional | General | 8 | 88% | 100% |
| Bayberry V | Virginia Beach City | $1,245,000 | $1,017,516 | Conventional | General | 10 | 40% | 100% |
| Bayberry VI | Virginia Beach City | $475,000 | $383,149 | Conventional | General | 6 | 50% | 100% |
| Bayberry VII | Virginia Beach City | $775,000 | $692,472 | Conventional | General | 8 | 75% | 100% |
| Beach Park | Virginia Beach City | $427,500 | $36,723 | Conventional | Supportive Hsg | 18 | 39% | 100% |
| Beach Park West | Virginia Beach City | $1,250,000 | $1,064,671 | Conventional | Supportive Hsg | 18 | 44% | 100% |
| Beasley Square | Alexandria City | $1,081,000 | $900,290 | Conventional | Elderly | 8 | 88% | 100% |
| Beaverdam Creek | Hanover County | $3,420,000 | $2,836,786 | Tax Credit | General | 120 | 98% | 100% |
| Belle Meadows | Bristol City | $780,000 | $622,943 | Conventional | General | 26 | 100% | 100% |
| Belle Summit | Richmond City | $1,910,000 | $1,780,464 | Tax Credit | General | 50 | 98% | 100% |
| Belleview Seniors | Orange County | $1,000,000 | $437,630 | Tax Credit | Elderly | 48 | 100% | 100% |
| Belleville Harbour | Suffolk City | $4,700,000 | $3,451,460 | Tax Credit | General | 120 | 99% | 100% |
| Belleville Meadows | Suffolk City | $3,700,000 | $3,594,412 | Tax Credit, RD515 | General | 128 | 100% | 100% |
| Belmont Hills | Chesterfield County | $7,205,963 | $6,263,454 | Conventional | General | 120 | 97% | 100% |
| Ben Franklin House | Fairfax County | $700,000 | $588,489 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Berkley Court | Franklin City | $1,120,000 | $1,023,629 | Tax Credit, RAD | General | 75 | 89% | 100% |
| Berkley South | Newport News City | $4,485,753 | $2,153,764 | Conventional | Elderly | 190 | 97% | 100% |
| Berkshire | Virginia Beach City | $2,900,000 | $1,079,605 | Conventional | General | 106 | 100% | 100% |
| Bettie S. Davis Village | Suffolk City | $2,150,000 | $2,008,105 | Tax Credit | Elderly | 60 | 98% | 100% |

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|---|---|---|---|---|---|---|---|---|
| Beverly Park | Alexandria City | $3,505,000 | $2,937,065 | Tax Credit | General | 33 | 97% | 100% |
| Biznet Supervised | Virginia Beach City | $138,500 | $113,697 | Conventional | Supportive Hsg | 2 | n/a | 100% |
| Biznet Village | Virginia Beach City | $648,000 | $507,226 | Conventional | Supportive Hsg | 24 | 83% | 100% |
| Blackstone Lofts | Nottoway County | $1,550,000 | $1,339,430 | Conventional | General | 25 | 84% | 100% |
| Bluegrass | Pulaski County | $600,000 | $325,242 | Conventional | Elderly | 40 | 95% | 100% |
| Booker T. Washington Plaza | Richmond City | $1,940,000 | $1,735,287 | Tax Credit | Elderly | 28 | 86% | 100% |
| Boonesboro Group Home | Lynchburg City | $350,000 | $297,682 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| Bowe and Clay | Richmond City | $660,000 | $556,330 | Conventional | General | 6 | 100% | 100% |
| Bowler Retirement Community | Richmond City | $1,000,000 | $333,917 | Tax Credit | Elderly | 62 | 90% | 100% |
| Bradford Mews | Isle of Wight County | $8,675,000 | $7,733,543 | Tax Credit | General | 120 | 98% | 100% |
| Brandywine | Virginia Beach City | $6,783,928 | $6,144,830 | Conventional | General | 172 | 99% | 100% |
| Brentwood Forest | Norfolk City | $2,497,000 | $1,248,653 | Conventional | General | 107 | 96% | 100% |
| Brightwood Forest | Prince William County | $6,145,000 | $2,932,775 | Conventional | General | 90 | 100% | 100% |
| Broadwater II | Chesterfield County | $5,350,000 | $3,785,219 | Tax Credit | General | 73 | 89% | 100% |
| Brook Creek Crossings | Chesterfield County | $3,857,000 | $3,538,316 | Tax Credit | General | 70 | 99% | 100% |
| Brook Ridge I | Greensville County | $2,200,000 | $1,648,486 | Tax Credit | General | 84 | 93% | 100% |
| Brook Ridge II | Greensville County | $1,150,000 | $708,273 | Tax Credit | General | 40 | 98% | 100% |
| BrookeMeade | Montgomery County | $625,000 | $502,942 | Conventional | General | 10 | 100% | 100% |
| Brookside Square | Southampton County | $393,000 | $210,771 | Tax Credit, RD515 | General | 32 | 94% | 100% |
| Brunswick Commons | Brunswick County | $660,000 | $566,302 | Tax Credit, RD515 | Elderly | 24 | 100% | 100% |
| Brunswick Village | Brunswick County | $750,000 | $459,048 | Tax Credit, RD515 | General | 48 | 96% | 100% |
| Buchanan Gardens | Arlington County | $7,690,000 | $6,961,380 | Tax Credit | General | 111 | 97% | 100% |
| Buckingham Village III | Arlington County | $6,800,000 | $6,183,903 | Tax Credit | General | 92 | 99% | 100% |
| Buckingham Village Parcel B | Arlington County | $4,500,000 | $4,087,314 | Tax Credit | General | 48 | 100% | 100% |
| Buckman Colchester Housing | Fairfax County | $432,000 | $362,201 | Conventional | Supportive Hsg | 7 | 100% | 100% |
| Buckman Colchester-Audubon | Fairfax County | $73,000 | $61,205 | Conventional | Supportive Hsg | 3 | 100% | 100% |
| Buckman Colchester-San Leandro | Fairfax County | $135,000 | $113,188 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| Buckroe Pointe | Hampton City | $17,050,000 | $16,735,826 | Conventional | General | 252 | 94% | 100% |
| Burnt Ordinary | James City County | $1,250,000 | $901,065 | Tax Credit, RD515 | General | 80 | 98% | 100% |
| Calvert Manor | Arlington County | $2,225,143 | $1,950,410 | Tax Credit | General | 23 | 100% | 100% |
| Cambridge | Hampton City | $32,367,000 | $27,191,346 | Conventional | General | 465 | 98% | 100% |
| Cameron Commons | Arlington County | $1,500,000 | $413,749 | Conventional | General | 16 | 100% | 100% |
| Campostella at Clairmont I | Norfolk City | $4,700,000 | $4,518,226 | Tax Credit | General | 84 | 100% | 100% |
| Campostella at Clairmont II | Norfolk City | $5,100,000 | $4,889,880 | Tax Credit | General | 68 | 100% | 100% |
| Cananche Creek | Norton City | $570,000 | $465,465 | Tax Credit, RD515 | General | 36 | 97% | 100% |
| Cannery Row | Mecklenburg County | $140,000 | $42,089 | Tax Credit, RD515 | General | 9 | 100% | 100% |
| Canterbury Commons | Waynesboro City | $110,500 | $69,269 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Canterbury Commons I | Staunton City | $225,000 | $147,795 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Canterbury Commons II | Staunton City | $211,000 | $162,839 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Canterbury Crossing | Chesapeake City | $195,000 | $96,132 | Tax Credit | General | 30 | 100% | 100% |

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|---|---|---|---|---|---|---|---|---|
| Carlton Views I | Charlottesville City | $2,000,000 | $1,890,491 | Tax Credit | Supportive Hsg | 54 | 96% | 100% |
| Caroline Manor I | Caroline County | $356,000 | $168,804 | Tax Credit, RD515 | General | 24 | 100% | 100% |
| Caroline Manor II | Caroline County | $135,000 | $78,466 | Tax Credit, RD515 | General | 17 | 94% | 100% |
| Carousel Court | Fairfax County | $8,680,000 | $7,444,052 | Tax Credit | General | 90 | 100% | 100% |
| Carriage Run | Emporia City | $1,100,000 | $951,675 | Tax Credit, RD515 | Elderly | 40 | 100% | 100% |
| Carter Woods I | Henrico County | $2,463,000 | $1,700,164 | Tax Credit | Elderly | 80 | 99% | 100% |
| Carter Woods II | Henrico County | $2,250,000 | $1,726,382 | Tax Credit | Elderly | 72 | 97% | 100% |
| Cary West | Richmond City | $1,650,000 | $1,520,500 | Tax Credit | General | 47 | 96% | 100% |
| Cavalier Park/Four Seasons | Fairfax County | $185,000 | $54,984 | Conventional | General | 3 | 100% | 100% |
| Cedar Creek | Portsmouth City | $3,686,251 | $3,055,757 | Conventional | General | 104 | 100% | 100% |
| Cedar Creek I | Frederick County | $400,000 | $364,073 | Tax Credit, RD515 | General | 46 | 98% | 100% |
| Cedar Crest II | Montgomery County | $790,000 | $425,002 | Tax Credit | General | 24 | 96% | 100% |
| Cedar Crest III | Montgomery County | $745,000 | $444,304 | Tax Credit | General | 28 | 100% | 100% |
| Cedar Grove | Virginia Beach City | $1,177,000 | $1,028,595 | Tax Credit | Supportive Hsg | 32 | 97% | 100% |
| Cedar Street | Isle of Wight County | $440,000 | $323,382 | Tax Credit, RD515 | General | 24 | 92% | 100% |
| Center Building | Smyth County | $1,900,000 | $1,862,171 | MUMI (2) | General | 19 | 16% | 100% |
| Chantilly Mews | Fairfax County | $1,500,000 | $965,196 | Tax Credit | General | 50 | 98% | 100% |
| Charles Street Annex | Fredericksburg City | $78,000 | $39,873 | Conventional | Supportive Hsg | 1 | 100% | 100% |
| Checed Warwick | Newport News City | $1,350,000 | $756,296 | Tax Credit | Elderly | 48 | 100% | 100% |
| Chester Village | Chesterfield County | $11,020,000 | $8,500,593 | Tax Credit | Elderly | 163 | 99% | 100% |
| Chesterbrook Residences | Fairfax County | $11,000,000 | $8,704,683 | Conventional | Elderly | 97 | 93% | 100% |
| Chestnut Square | Newport News City | $1,250,000 | $684,078 | Tax Credit | General | 40 | 98% | 100% |
| Chickahominy Bluff | Hanover County | $8,975,000 | $8,608,544 | Tax Credit | General | 120 | 92% | 100% |
| Chuckatuck Square | Suffolk City | $570,500 | $460,230 | Tax Credit, RD515 | General | 42 | 93% | 100% |
| Church Manor | Isle of Wight County | $650,000 | $484,863 | Tax Credit | General | 50 | 92% | 100% |
| Church Street Station Studios | Norfolk City | $2,850,000 | $2,737,560 | Tax Credit | Supportive Hsg | 81 | 88% | 100% |
| Citywide Homes 2001 | Virginia Beach City | $1,032,000 | $598,569 | Tax Credit | General | 32 | 78% | 100% |
| Clarendon Court | Arlington County | $7,710,000 | $7,434,079 | Tax Credit | General | 103 | 93% | 100% |
| Cliffs Edge Lofts | Lynchburg City | $4,100,000 | $3,600,512 | MUMI (2) | General | 52 | 87% | 100% |
| Clopton | Richmond City | $1,685,000 | $1,635,353 | Conventional | General | 44 | 93% | 100% |
| Club Hill | Louisa County | $1,350,000 | $936,225 | Conventional | General | 29 | 97% | 100% |
| Cogbill Road Group Home | Chesterfield County | $260,000 | $224,481 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Cole Harbour | Nottoway County | $600,000 | $499,164 | Tax Credit, RD515 | General | 36 | 94% | 100% |
| College Green I | Richmond County | $330,000 | $233,717 | Tax Credit, RD515 | Elderly | 32 | 100% | 100% |
| College Square | Suffolk City | $3,500,000 | $571,953 | Conventional | General | 91 | 100% | 100% |
| College Square Collins | Suffolk City | $950,000 | $604,773 | Conventional | General | 20 | 95% | 100% |
| College Square Investments | Suffolk City | $2,150,000 | $1,368,697 | Conventional | General | 40 | 93% | 100% |
| Colonial Heights | Fredericksburg City | $950,000 | $782,634 | Tax Credit | Supportive Hsg | 14 | 100% | 100% |
| Colonial Row | Richmond City | $600,000 | $345,287 | Conventional | General | 18 | 100% | 100% |
| Colonnade at Rocktown I | Harrisonburg City | $3,373,000 | $3,029,249 | MUMI (2) | General | 6 | 83% | 100% |

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|---|---|---|---|---|---|---|---|---|
| Columbia Grove | Arlington County | $14,755,000 | $13,469,476 | Tax Credit | General | 208 | 92% | 100% |
| Columbia Hills East | Arlington County | $7,861,492 | $7,692,634 | Tax Credit | General | 97 | 98% | 100% |
| Columbia Hills West | Arlington County | $12,450,000 | $12,157,251 | Tax Credit | General | 132 | 98% | 100% |
| Columns on Grove | Richmond City | $433,099 | $70,061 | Tax Credit | Elderly | 21 | 95% | 100% |
| Community Havens-Burke Road | Fairfax County | $943,000 | $832,997 | Conventional | Supportive Hsg | 6 | n/a | 100% |
| Congress Street | Shenandoah County | $750,000 | $328,927 | Tax Credit | General | 38 | 95% | 100% |
| Coppermine Place II | Fairfax County | $2,500,000 | $1,865,688 | Tax Credit | Elderly | 66 | 95% | 100% |
| Coralain Gardens | Fairfax County | $7,550,000 | $6,468,543 | Tax Credit | General | 106 | 100% | 100% |
| Cottages at Great Bridge I | Chesapeake City | $3,300,000 | $2,357,154 | Tax Credit | Elderly | 96 | 98% | 100% |
| Cottages at Great Bridge II | Chesapeake City | $1,300,000 | $995,208 | Tax Credit | Elderly | 32 | 97% | 100% |
| Cotton Mill Lofts | Roanoke City | $8,458,424 | $7,449,944 | Conventional | General | 108 | 91% | 100% |
| Country Green | Halifax County | $125,000 | $113,773 | Tax Credit, RD515 | General | 44 | 98% | 100% |
| County Center Crossing | Prince William County | $17,500,000 | $12,509,071 | Tax Credit | General | 224 | 97% | 100% |
| Courthouse Commons I | Richmond County | $650,000 | $385,143 | Conventional | General | 12 | 100% | 100% |
| Courthouse Commons II | Richmond County | $750,000 | $486,538 | Conventional | General | 12 | 100% | 100% |
| Courthouse Crossings | Arlington County | $8,600,000 | $7,311,847 | Tax Credit | General | 112 | 100% | 100% |
| Courthouse Green | Spotsylvania County | $715,000 | $533,867 | Tax Credit, RD515 | General | 40 | 90% | 100% |
| Courthouse Lane I | Caroline County | $1,100,000 | $535,274 | Tax Credit, RD515 | Elderly | 32 | 100% | 100% |
| Courthouse Lane II | Caroline County | $600,000 | $475,762 | Tax Credit, RD515 | Elderly | 24 | 100% | 100% |
| Craigmont Manor | Augusta County | $618,678 | $555,829 | Tax Credit, RD515 | General | 44 | 89% | 100% |
| Crater Woods I | Petersburg City | $7,931,800 | $5,105,759 | Conventional | General | 120 | 96% | 100% |
| Crater Woods II | Petersburg City | $7,670,000 | $5,231,458 | Conventional | General | 120 | 98% | 100% |
| Creekpointe | Chesterfield County | $11,770,000 | $8,259,904 | Tax Credit | General | 214 | 99% | 100% |
| Creekside Manor | Henrico County | $4,690,000 | $4,471,220 | Tax Credit | General | 95 | 92% | 100% |
| Creekside Village I | Fairfax County | $11,042,353 | $10,050,822 | Tax Credit, RAD | General | 220 | 94% | 100% |
| Creekside Village II | Fairfax County | $10,100,000 | $8,447,838 | Tax Credit | General | 99 | 95% | 100% |
| Crescent Place | Portsmouth City | $7,300,000 | $6,239,975 | Tax Credit | General | 156 | 97% | 100% |
| Crescent Square | Virginia Beach City | $2,400,000 | $2,199,718 | Tax Credit | Supportive Hsg | 80 | 91% | 100% |
| Crest at Longwood | Salem City | $3,600,000 | $3,285,870 | Conventional | General | 108 | 94% | 100% |
| Crewe Village | Nottoway County | $500,000 | $495,468 | Tax Credit, RD515 | General | 40 | 95% | 100% |
| Cricket Hill | Mathews County | $300,000 | $249,134 | Tax Credit, RD515 | General | 30 | 93% | 100% |
| Crispus Attucks | Northampton County | $750,000 | $649,427 | Tax Credit | General | 22 | 100% | 100% |
| Cromwell House | Norfolk City | $8,350,000 | $7,745,336 | Tax Credit | Elderly | 205 | 97% | 100% |
| Crossroads | Chesapeake City | $3,433,000 | $2,135,983 | Conventional | General | 92 | 95% | 100% |
| Crosswinds Place | Chesapeake City | $4,350,000 | $2,514,178 | Tax Credit | General | 109 | 97% | 100% |
| Crown Square | Henrico County | $3,423,500 | $2,000,527 | Conventional | General | 90 | 93% | 100% |
| Crozet Meadows | Albemarle County | $1,715,000 | $1,469,450 | Tax Credit | Elderly | 66 | 98% | 100% |
| Culpeper Shelter | Culpeper County | $200,000 | $147,223 | Conventional | Supportive Hsg | 15 | n/a | 100% |
| Cypress Terrace | Newport News City | $1,650,000 | $1,566,735 | Tax Credit, RAD | General | 82 | 100% | 100% |
| Dale Forest V | Prince William County | $14,160,000 | $6,173,508 | Conventional | General | 222 | 100% | 100% |

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| Dan River Crossing | Danville City | $1,870,000 | $1,406,729 | Tax Credit | Elderly | 74 | 93% | 100% |
| Dante Crossing | Russell County | $273,000 | $221,097 | Tax Credit | General | 12 | 58% | 100% |
| Darby House | Henrico County | $2,975,000 | $2,358,600 | Tax Credit | Elderly | 108 | 99% | 100% |
| Deerfield Village Townhomes II | Pulaski County | $760,000 | $678,731 | Conventional | General | 10 | 70% | 100% |
| Delmont Plaza | Henrico County | $200,000 | $169,602 | Tax Credit | General | 41 | 98% | 100% |
| Delmont Village | Henrico County | $3,150,000 | $2,462,144 | Tax Credit | General | 94 | 94% | 100% |
| Denbigh Trace | Newport News City | $3,745,890 | $153,311 | Section 8 | General | 128 | 98% | 100% |
| Denbigh Village | Newport News City | $25,000,000 | $23,767,735 | Conventional | General | 244 | 90% | 100% |
| Dogwood Terrace | Wise County | $920,000 | $436,435 | Tax Credit | General | 97 | 79% | 100% |
| Dolly Ann | Alleghany County | $1,950,000 | $1,736,129 | Tax Credit | General | 108 | 96% | 100% |
| Dranesville District | Fairfax County | $220,000 | $82,693 | Conventional | General | 3 | 67% | 100% |
| Dresden | Newport News City | $1,400,000 | $1,153,675 | Tax Credit | Supportive Hsg | 32 | 97% | 100% |
| Dulles Center I | Fairfax County | $7,259,700 | $5,986,078 | Tax Credit | General | 144 | 98% | 100% |
| Dulles Center II | Fairfax County | $10,700,000 | $7,899,989 | Tax Credit | General | 128 | 98% | 100% |
| Dutch Inn | Lexington City | $1,200,000 | $998,153 | MUMI (2) | General | 12 | 42% | 100% |
| Earle of Warwick Square | Newport News City | $3,300,000 | $1,302,839 | Conventional | General | 107 | 98% | 100% |
| East Bay | Norfolk City | $1,800,000 | $874,648 | Conventional | General | 64 | 97% | 100% |
| East Falls | Fairfax County | $29,458,148 | $27,689,108 | Tax Credit | General | 305 | 99% | 100% |
| Echo Mountain I | Shenandoah County | $710,000 | $333,352 | Tax Credit | General | 24 | 96% | 100% |
| Echo Mountain II | Shenandoah County | $790,000 | $372,572 | Tax Credit | General | 26 | 96% | 100% |
| Edison | Richmond City | $18,000,000 | $16,518,903 | MUMI (2) | General | 174 | 96% | 100% |
| Eggleston Plaza | Richmond City | $3,825,000 | $3,763,495 | MUMI (2) | General | 42 | 100% | 100% |
| Elbert Avenue | Alexandria City | $900,000 | $217,676 | Tax Credit | General | 28 | 100% | 100% |
| Elderspirit Community | Washington County | $850,000 | $646,147 | Conventional | Elderly | 16 | 94% | 100% |
| Elkmont Manor | Rockingham County | $412,452 | $369,075 | Tax Credit, RD515 | General | 44 | 95% | 100% |
| Englewood | Chesterfield County | $270,000 | $175,962 | Conventional | Supportive Hsg | 6 | n/a | 100% |
| English Meadows Crozet Campus | Albemarle County | $700,000 | $550,578 | Conventional | Elderly | 110 | n/a | 100% |
| English Oaks | Stafford County | $9,410,000 | $7,180,706 | Tax Credit | Elderly | 119 | 100% | 100% |
| Enoch George Manor | Spotsylvania County | $4,200,000 | $3,062,636 | Tax Credit | Elderly | 60 | 98% | 100% |
| Exmore Village I | Northampton County | $666,949 | $598,004 | Tax Credit, RD515 | Elderly | 36 | 100% | 100% |
| Faison Residences | Henrico County | $5,150,000 | $4,900,819 | Conventional | General | 45 | 98% | 100% |
| Falls I | Essex County | $1,150,000 | $829,481 | Conventional | General | 16 | 94% | 100% |
| Falls II | Essex County | $1,225,000 | $917,914 | Conventional | General | 16 | 88% | 100% |
| Falls III | Essex County | $950,000 | $712,261 | Conventional | General | 12 | 92% | 100% |
| Farrar Square | Charlotte County | $560,500 | $267,875 | Tax Credit | General | 24 | 96% | 100% |
| Fenner Street | Norfolk City | $169,000 | $86,152 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| Ferncliff South | Roanoke City | $345,000 | $1,572,840 | Tax Credit | General | 84 | 96% | 100% |
| Fieldcrest | Henrico County | $1,019,000 | $882,528 | Tax Credit | General | 29 | 97% | 100% |
| Fields of Alexandria | Alexandria City | $29,500,000 | $25,551,183 | Tax Credit | General | 306 | 95% | 100% |
| Fields of Leesburg II | Loudoun County | $20,000,000 | $17,226,419 | Tax Credit | General | 248 | 94% | 100% |

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| Fields of Manassas | Prince William County | $8,000,000 | $5,811,175 | Tax Credit | General | 180 | 97% | 100% |
| Fields of Merrifield | Fairfax County | $8,550,000 | $4,156,453 | Tax Credit | General | 124 | 95% | 100% |
| Fields of Old Town | Alexandria City | $9,500,000 | $8,174,890 | Tax Credit | General | 98 | 99% | 100% |
| Fieldstone | Montgomery County | $7,060,000 | $6,947,619 | Tax Credit | General | 84 | 70% | 100% |
| Fieldstone Senior | Montgomery County | $2,550,000 | $2,513,919 | Tax Credit | Elderly | 60 | 90% | 100% |
| Fish Heads | Norfolk City | $900,000 | $617,943 | Conventional | General | 14 | 86% | 100% |
| Fisher House I | Arlington County | $2,729,912 | $2,057,853 | Tax Credit | General | 33 | 97% | 100% |
| Fisher House II | Arlington County | $12,030,000 | $11,907,155 | Tax Credit | General | 68 | 96% | 100% |
| Floyd Village Square | Floyd County | $870,000 | $705,867 | MUMI (2) | General | 9 | 100% | 100% |
| Forest at Angelwood | King George County | $310,000 | $269,992 | Conventional | Supportive Hsg | 6 | 100% | 100% |
| Forest Cove I | Chesapeake City | $2,664,341 | $2,004,068 | Tax Credit | General | 101 | 96% | 100% |
| Forest Cove II | Chesapeake City | $2,735,337 | $2,057,390 | Tax Credit | General | 100 | 97% | 100% |
| Forest Cove III | Chesapeake City | $2,494,076 | $1,876,872 | Tax Credit, Section 236 | General | 101 | 99% | 100% |
| Forest Glen I | Fairfax County | $8,700,000 | $8,555,105 | Tax Credit | Elderly | 119 | 99% | 100% |
| Forest Glen II | Fairfax County | $11,785,000 | $11,310,817 | Tax Credit | Elderly | 119 | 99% | 100% |
| Forest Hills at Belview | Montgomery County | $2,500,000 | $2,246,213 | Tax Credit | General | 70 | 93% | 100% |
| Forrest Landing II | Newport News City | $5,600,000 | $5,500,189 | Tax Credit | General | 64 | 92% | 100% |
| Fort Garfield | Arlington County | $1,969,000 | $1,732,497 | Conventional | General | 20 | 100% | 100% |
| Fort Myer I | Arlington County | $485,000 | $426,745 | Conventional | General | 11 | 100% | 100% |
| Foxchase | Essex County | $3,660,000 | $2,090,765 | Tax Credit | General | 60 | 97% | 100% |
| Foxcroft | Hampton City | $5,000,000 | $4,063,494 | Conventional | General | 120 | 99% | 100% |
| Frank Roane | Lynchburg City | $630,000 | $575,744 | Tax Credit | Elderly | 26 | 100% | 100% |
| Franklin South | Franklin City | $152,000 | $90,887 | Tax Credit, RD515 | General | 32 | 100% | 100% |
| Frederick at Courthouse | Arlington County | $9,962,734 | $8,697,727 | Tax Credit | General | 108 | 98% | 100% |
| Friendship Village | Virginia Beach City | $5,405,000 | $4,534,942 | Tax Credit | General | 109 | 98% | 100% |
| Frontier Ridge | Staunton City | $3,300,000 | $2,533,110 | Tax Credit | General | 100 | 96% | 100% |
| G and T Adult Home | Cumberland County | $204,684 | $75,570 | Conventional | Supportive Hsg | 18 | n/a | 100% |
| Gardens of Stafford | Stafford County | $14,200,000 | $12,378,512 | Tax Credit | Elderly | 150 | 99% | 100% |
| Gardenside Village | Russell County | $950,000 | $794,480 | Conventional | General | 6 | 100% | 100% |
| Garrison Woods | Stafford County | $5,049,600 | $2,087,092 | Conventional | General | 131 | 96% | 100% |
| Gates of Ballston | Arlington County | $21,000,000 | $18,039,013 | Tax Credit | General | 464 | 98% | 100% |
| Gateway Village | Giles County | $663,649 | $451,381 | Tax Credit, RD515 | General | 42 | 90% | 100% |
| Germanna Heights | Orange County | $1,100,000 | $1,278,885 | Tax Credit | Elderly | 50 | 98% | 100% |
| Gladiola Crescent Group Home | Virginia Beach City | $190,000 | $120,697 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Glenns at Millers Lane | Henrico County | $7,775,000 | $7,313,136 | Tax Credit | General | 144 | 99% | 100% |
| Goodwyn at Union Hill | Richmond City | $2,115,000 | $2,085,626 | Tax Credit | General | 52 | 92% | 100% |
| Grand Oaks | Chesterfield County | $14,000,000 | $11,600,996 | Tax Credit | General | 184 | 92% | 100% |
| Grand Oaks Seniors | Chesterfield County | $2,570,000 | $2,124,738 | Tax Credit | Elderly | 32 | 97% | 100% |
| Grayson Manor | Grayson County | $575,000 | $387,353 | Tax Credit, RD515 | Elderly | 32 | 97% | 100% |
| Great Oak | Newport News City | $4,144,470 | $2,797,797 | Tax Credit, Section 8 | Elderly | 143 | 99% | 100% |

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| Greenlakes | Virginia Beach City | $7,071,383 | $5,156,125 | Tax Credit | General | 150 | 96% | 100% |
| Greens at Northridge | Culpeper County | $6,850,000 | $5,339,174 | Tax Credit | General | 108 | 89% | 100% |
| Greens at Virginia Center | Henrico County | $12,850,000 | $12,175,405 | Tax Credit | General | 180 | 93% | 100% |
| Gretna Village | Pittsylvania County | $1,290,000 | $801,852 | Tax Credit | General | 47 | 98% | 100% |
| Grottoes II | Rockingham County | $940,000 | $530,025 | Tax Credit | General | 34 | 97% | 100% |
| Grottoes III | Rockingham County | $750,000 | $448,198 | Tax Credit | General | 26 | 92% | 100% |
| Grottoes Manor | Rockingham County | $517,360 | $464,803 | Tax Credit, RD515 | General | 46 | 98% | 100% |
| Gum Springs Glen | Fairfax County | $1,500,000 | $917,353 | Tax Credit | Elderly | 60 | 98% | 100% |
| Gypsy Hill House | Staunton City | $2,350,000 | $2,119,303 | Tax Credit | Elderly | 100 | 97% | 100% |
| Hamilton Place I | Portsmouth City | $4,375,000 | $3,958,056 | Tax Credit | General | 84 | 95% | 100% |
| Hamilton Place II | Portsmouth City | $2,510,000 | $2,277,651 | Tax Credit | General | 84 | 98% | 100% |
| Harbor Inn | Virginia Beach City | $3,600,000 | $2,213,466 | Conventional | General | 138 | 96% | 100% |
| Heather Glen | Radford City | $1,340,945 | $1,124,841 | Tax Credit | General | 40 | 98% | 100% |
| Henley Place | Montgomery County | $2,175,000 | $1,744,973 | Tax Credit | General | 41 | 98% | 100% |
| Henry Williams | Petersburg City | $1,450,000 | $1,296,421 | Tax Credit | General | 42 | 90% | 100% |
| Heritage House | Stafford County | $268,000 | $64,958 | Conventional | Supportive Hsg | 8 | n/a | 100% |
| Heritage Museum | Waynesboro City | $550,000 | $453,364 | MUMI (2) | General | 6 | 100% | 100% |
| Hiatt Run | Frederick County | $17,750,000 | $17,335,234 | Conventional | General | 121 | 97% | 100% |
| Hiddenbrooke | Fairfax County | $285,000 | $194,556 | Conventional | Elderly | 6 | 100% | 100% |
| Highland Commons | Fauquier County | $7,616,034 | $6,283,593 | Tax Credit | General | 96 | 99% | 100% |
| Highlands | Henrico County | $2,090,000 | $1,875,071 | Conventional | General | 42 | 98% | 100% |
| Highlands I | Rockingham County | $750,000 | $115,960 | Tax Credit | General | 38 | 97% | 100% |
| Highlands II | Rockingham County | $650,000 | $373,425 | Tax Credit | General | 24 | 100% | 100% |
| Hillcrest (3) | Lynchburg City | $3,022,861 | $216,589 | Section 8 | Elderly | 103 | 95% | 100% |
| Hillcrest Heights | Roanoke City | $950,000 | $752,304 | Tax Credit | General | 24 | 96% | 100% |
| Hillside | Tazewell County | $873,000 | $418,308 | Tax Credit | General | 36 | 81% | 100% |
| Hilltop South | Virginia Beach City | $1,940,000 | $1,242,190 | Tax Credit | General | 85 | 89% | 100% |
| Historic Manor | Richmond City | $930,000 | $797,272 | MUMI (2) | General | 17 | 76% | 100% |
| HOPE Scattered Sites (3) | Wythe County | $140,000 | $135,304 | Conventional | Supportive Hsg | 8 | n/a | 100% |
| Hope Village | Portsmouth City | $1,815,000 | $1,691,485 | Tax Credit | General | 48 | 94% | 100% |
| Hopewell Lofts | Hopewell City | $3,650,000 | $3,287,734 | MUMI (2) | General | 50 | 70% | 100% |
| Howland House | Hampton City | $289,000 | $218,530 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Huckleberry Court | Montgomery County | $2,800,000 | $2,158,898 | Tax Credit | General | 50 | 98% | 100% |
| Hugo Street | Norfolk City | $335,000 | $249,656 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Hunt Country Manor | Fauquier County | $1,780,079 | $1,390,650 | Tax Credit | General | 56 | 95% | 100% |
| Hunt Ridge I | Rockbridge County | $1,350,000 | $1,064,608 | Tax Credit | General | 46 | 100% | 100% |
| Hunt Ridge II | Rockbridge County | $680,000 | $570,863 | Tax Credit | General | 24 | 92% | 100% |
| Hunters Point I | Chesapeake City | $4,160,876 | $2,334,482 | Tax Credit | General | 124 | 97% | 100% |
| Hunters Point II | Chesapeake City | $862,706 | $483,528 | Tax Credit | General | 32 | 97% | 100% |
| Hunting Creek | Fairfax County | $1,597,498 | $176,674 | Tax Credit | General | 35 | 100% | 100% |

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| Hurt Park (3) | Roanoke City | $1,350,000 | $1,123,354 | Tax Credit | General | 40 | 93% | 100% |
| Icon at City Walk | Norfolk City | $57,613,000 | $56,605,950 | MUMI (2) | General | 269 | 96% | 100% |
| Imperial Tobacco Lofts | Lynchburg City | $4,400,000 | $4,103,745 | MUMI (2) | General | 61 | 95% | 100% |
| Independence Square | Portsmouth City | $7,350,000 | $5,352,575 | Tax Credit | General | 152 | 99% | 100% |
| Indian River | Hampton City | $640,000 | $492,365 | Conventional | Supportive Hsg | 13 | 100% | 100% |
| Iron Bridge Road | Chesterfield County | $3,530,000 | $3,347,162 | Tax Credit | General | 80 | 96% | 100% |
| Ivy's Home | Virginia Beach City | $200,000 | $179,044 | Conventional | Supportive Hsg | 2 | n/a | 100% |
| Jabez Court I and II | Franklin City | $194,000 | $115,385 | Conventional | General | 6 | 100% | 100% |
| Jackson Ward (3) | Richmond City | $722,897 | $96,739 | Tax Credit, Section 8 | General | 18 | 100% | 100% |
| James Crossing | Lynchburg City | $5,650,000 | $3,345,576 | Tax Credit | General | 288 | 95% | 100% |
| Jefferson Brookville | Newport News City | $1,400,000 | $1,144,132 | Tax Credit | General | 50 | 82% | 100% |
| Jefferson Flats | Newport News City | $2,500,000 | $1,338,426 | Conventional | General | 104 | 86% | 100% |
| Jefferson House | Lynchburg City | $2,383,151 | $1,568,066 | Tax Credit | Elderly | 101 | 73% | 100% |
| Jefferson Mews | Richmond City | $3,575,000 | $3,182,902 | Tax Credit | General | 56 | 98% | 100% |
| Jefferson Ridge | Albemarle County | $24,200,000 | $20,146,952 | Conventional | General | 234 | 97% | 100% |
| Jefferson Townhouses | Richmond City | $8,880,000 | $7,203,416 | Tax Credit | General | 218 | 95% | 100% |
| Jersey Park | Isle of Wight County | $3,050,000 | $3,050,000 | Tax Credit | General | 80 | 90% | 100% |
| John Early | Bedford County | $1,780,000 | $1,508,001 | Tax Credit | Elderly | 78 | 96% | 100% |
| Kendrick Court | Fairfax County | $7,700,000 | $4,217,515 | Tax Credit | Elderly | 139 | 91% | 100% |
| Keysville Manor | Charlotte County | $350,000 | $203,434 | Tax Credit, RD515 | General | 24 | 100% | 100% |
| Kilmarnock Village | Lancaster County | $386,000 | $183,029 | Tax Credit, RD515 | General | 24 | 100% | 100% |
| King William Village | King William County | $390,000 | $265,522 | Tax Credit, RD515 | Elderly | 32 | 94% | 100% |
| Kingsbridge North | Chesapeake City | $4,520,000 | $3,391,783 | Conventional | General | 102 | 100% | 100% |
| Kippax Place | Hopewell City | $1,788,130 | $1,715,840 | Tax Credit, RAD | General | 100 | 93% | 100% |
| Kline Building | Arlington County | $4,546,700 | $3,335,662 | Conventional | Supportive Hsg | 80 | 100% | 100% |
| L and Z Historic | Richmond City | $1,120,000 | $755,333 | Conventional | General | 14 | 93% | 100% |
| Lafayette Gardens | Richmond City | $2,088,260 | $1,321,048 | Tax Credit, Section 236 | General | 102 | 99% | 100% |
| Lafayette Square | Fredericksburg City | $765,000 | $401,927 | Conventional | Supportive Hsg | 12 | 100% | 100% |
| Lafayette Square | James City County | $1,210,000 | $932,033 | Tax Credit, RD515 | General | 106 | 91% | 100% |
| Lafayette Village Elderly | James City County | $248,000 | $189,779 | Tax Credit, RD515 | Elderly | 32 | 97% | 100% |
| Lafayette Village Family | James City County | $1,255,000 | $967,394 | Tax Credit, RD515 | General | 112 | 96% | 100% |
| Lakeside Manor | Rockbridge County | $355,565 | $319,444 | Tax Credit, RD515 | General | 23 | 100% | 100% |
| Landmark II | Chesapeake City | $2,896,250 | $2,426,541 | Tax Credit | General | 120 | 96% | 100% |
| L'Arche 413 South Highland Street | Arlington County | $500,000 | $379,327 | Conventional | Supportive Hsg | 4 | 100% | 100% |
| Larkspur | Galax City | $1,100,000 | $913,484 | Conventional | General | 18 | 94% | 100% |
| Larkspur | Arlington County | $5,900,000 | $5,205,090 | Tax Credit | General | 76 | 97% | 100% |
| Laurel Court | Virginia Beach City | $2,775,000 | $2,016,214 | Conventional | General | 80 | 96% | 100% |
| Laurel Ridge | Carroll County | $1,750,000 | $1,750,000 | Tax Credit, Section 8 | General | 56 | 79% | 100% |
| Laurel Woods | Hanover County | $500,000 | $347,464 | Tax Credit, RD515 | General | 40 | 100% | 100% |
| Law Building | Norfolk City | $16,500,000 | $15,470,763 | MUMI (2) | General | 135 | 97% | 100% |

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| Lawrenceville Manor | Brunswick County | $252,000 | $134,258 | Tax Credit, RD515 | General | 24 | 88% | 100% |
| Lawson Building | Roanoke City | $2,000,000 | $1,751,686 | MUMI (2) | General | 24 | 92% | 100% |
| Leavell Charles | Fredericksburg City | $325,000 | $184,773 | Conventional | Supportive Hsg | 5 | 100% | 100% |
| Lebanon Village I | Surry County | $250,000 | $157,607 | Tax Credit, RD515 | Elderly | 24 | 96% | 100% |
| Lebanon Village II | Surry County | $480,000 | $411,856 | Tax Credit, RD515 | Elderly | 24 | 100% | 100% |
| Lee Overlook | Fairfax County | $9,305,270 | $7,920,050 | Tax Credit | General | 196 | 94% | 100% |
| Lee Townhouses | Caroline County | $590,000 | $352,737 | Tax Credit, RD515 | General | 18 | 100% | 100% |
| Levis Hill House | Loudoun County | $930,000 | $665,563 | Tax Credit | Elderly | 20 | 100% | 100% |
| Lexington Park | Norfolk City | $5,819,209 | $3,300,943 | Tax Credit, Section 236 | General | 180 | 97% | 100% |
| Liberty | Newport News City | $20,900,000 | $14,094,279 | MUMI (2) | General | 250 | 94% | 100% |
| Liberty Crest | Fairfax County | $24,400,000 | $23,359,637 | MUMI (2) | General | 165 | 96% | 100% |
| Lieutenant's Run | Petersburg City | $9,050,000 | $6,770,926 | Tax Credit | General | 168 | 81% | 100% |
| Lincoln Mews I | Richmond City | $4,166,000 | $3,616,053 | Tax Credit | General | 115 | 95% | 100% |
| Lincoln Mews II | Richmond City | $3,963,000 | $2,540,326 | Tax Credit | General | 130 | 95% | 100% |
| Lindsay Hill Seniors | Fairfax County | $1,215,000 | $1,188,813 | Tax Credit | Elderly | 55 | 98% | 100% |
| Link Apartments Manchester | Richmond City | $18,250,000 | $17,369,145 | MUMI (2) | General | 187 | 97% | 100% |
| Locker Room | Roanoke City | $4,550,000 | $4,247,483 | Conventional | General | 56 | 82% | 100% |
| Locks I | Richmond City | $12,350,000 | $11,383,147 | MUMI (2) | General | 88 | 40% | 100% |
| Locks II | Richmond City | $11,250,000 | $10,209,676 | MUMI (2) | General | 86 | 53% | 100% |
| Lofts at Beckstoffer's Mill | Richmond City | $1,545,000 | $1,354,087 | Conventional | General | 22 | 100% | 100% |
| Lofts on First and Kirk | Roanoke City | $1,025,000 | $896,364 | Conventional | General | 12 | 100% | 100% |
| Lofts on Jefferson | Newport News City | $600,000 | $543,305 | Conventional | General | 14 | 100% | 100% |
| London Oaks | Portsmouth City | $2,825,000 | $6,053,689 | Tax Credit | General | 296 | 87% | 100% |
| Longhill Grove | James City County | $9,850,000 | $6,941,315 | Tax Credit | General | 170 | 96% | 100% |
| Longwood Group Home | Lynchburg City | $380,000 | $271,979 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| Luray Village | Page County | $800,000 | $584,566 | Tax Credit, RD515 | Elderly | 34 | 100% | 100% |
| Lynchburg High | Lynchburg City | $1,070,000 | $903,859 | Tax Credit | General | 74 | 93% | 100% |
| Lynhaven (William Watters) | Alexandria City | $2,310,000 | $2,140,042 | Tax Credit | General | 28 | 96% | 100% |
| Lynnhaven Landing | Virginia Beach City | $7,200,000 | $4,472,369 | Conventional | General | 252 | 97% | 100% |
| Macedonia | Arlington County | $3,910,000 | $3,380,545 | MUMI (2) | General | 36 | 100% | 100% |
| Madison at Ballston Station | Arlington County | $9,150,000 | $7,989,822 | Tax Credit | General | 100 | 98% | 100% |
| Madison House | Loudoun County | $1,300,000 | $607,073 | Tax Credit, Section 8 | Elderly | 100 | 99% | 100% |
| Madison Ridge | Fairfax County | $11,750,000 | $9,490,217 | Conventional | General | 98 | 96% | 100% |
| Magruder Run II | Hampton City | $8,190,000 | $7,408,820 | Tax Credit | General | 144 | 81% | 100% |
| Main Street Commons | Loudoun County | $4,900,000 | $3,177,278 | Tax Credit | General | 90 | 92% | 100% |
| Mallard Cove I | Chesterfield County | $6,250,000 | $5,255,756 | Tax Credit | General | 144 | 93% | 100% |
| Mallard Cove II | Chesterfield County | $4,275,000 | $3,755,719 | Tax Credit | General | 108 | 87% | 100% |
| Malvern Hills | Portsmouth City | $2,450,000 | $2,013,420 | Tax Credit | Elderly | 55 | 98% | 100% |
| Mangrove 2 | Norfolk City | $864,000 | $859,146 | Conventional | General | 14 | 93% | 100% |
| Manor View | Portsmouth City | $2,878,000 | $1,183,588 | Conventional | General | 128 | 99% | 100% |

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|---|---|---|---|---|---|---|---|---|
| Maple Avenue | Loudoun County | $4,061,314 | $2,894,407 | Tax Credit | General | 60 | 100% | 100% |
| Maplewood | Chesapeake City | $20,205,333 | $18,325,421 | Tax Credit | General | 320 | 96% | 100% |
| Maplewoods Plaza | Norfolk City | $2,100,000 | $1,984,457 | MUMI (2) | General | 13 | 77% | 100% |
| Marbella | Arlington County | $10,080,000 | $8,563,556 | Tax Credit | General | 134 | 98% | 100% |
| Marble Lane | Lexington City | $1,050,000 | $877,122 | MUMI (2) | General | 10 | 70% | 100% |
| Market Slip | Richmond City | $2,000,000 | $966,751 | Tax Credit | General | 30 | 100% | 100% |
| Market Square III | Chesterfield County | $1,870,000 | $1,405,346 | Tax Credit | Elderly | 69 | 94% | 100% |
| Martha's Place | James City County | $340,000 | $270,386 | Conventional | Supportive Hsg | 4 | n/a | 100% |
| Marvin Gardens | Emporia City | $750,000 | $454,509 | Tax Credit | Elderly | 40 | 98% | 100% |
| Mary Hardesty House | Clarke County | $1,550,000 | $1,618,762 | Tax Credit | Elderly | 60 | 98% | 100% |
| McGuire Park | Richmond City | $1,700,000 | $1,609,224 | Tax Credit | General | 80 | 98% | 100% |
| Meadow Run | Martinsville City | $1,150,000 | $395,120 | Conventional | General | 32 | 94% | 100% |
| Meadowood | Norfolk City | $19,700,000 | $18,163,599 | Conventional | General | 180 | 98% | 100% |
| Meadows | Lynchburg City | $3,150,780 | $2,853,656 | Tax Credit | General | 66 | 92% | 100% |
| Meadows | Prince Edward County | $185,000 | $133,372 | Tax Credit, RD515 | General | 40 | 90% | 100% |
| Meadows at Northridge | Culpeper County | $1,442,775 | $1,039,947 | Tax Credit | Elderly | 50 | 98% | 100% |
| Meadows II - Wolf Creek Housing | Giles County | $150,000 | $105,490 | Tax Credit | General | 11 | 82% | 100% |
| Meadowview | Pulaski County | $785,322 | $492,817 | Tax Credit, Section 236 | General | 98 | 99% | 100% |
| Melton's Run | Carroll County | $630,000 | $955,301 | Tax Credit | General | 48 | 96% | 100% |
| Mercer Place | Lancaster County | $1,300,000 | $1,060,108 | Conventional | General | 16 | 94% | 100% |
| Meridian at Watermark I (3) | Chesterfield County | $22,750,000 | $20,761,772 | Conventional | General | 204 | 91% | 100% |
| Meridian at Watermark II (3) | Chesterfield County | $10,500,000 | $9,775,836 | Conventional | General | 96 | 91% | 100% |
| Meridian Bay | Prince William County | $35,116,990 | $32,211,447 | Conventional | General | 274 | 91% | 100% |
| Meridian Harbourview | Suffolk City | $24,500,000 | $23,018,228 | Conventional | General | 224 | 99% | 100% |
| Meridian OBICI | Suffolk City | $23,950,000 | $23,225,712 | Conventional | General | 224 | 91% | 100% |
| Metro on Granby | Norfolk City | $16,250,000 | $14,943,606 | MUMI (2) | General | 136 | 94% | 100% |
| Mews on Little High Street | Charlottesville City | $2,225,000 | $1,940,641 | Tax Credit | Supportive Hsg | 40 | 100% | 100% |
| Mezzo Lofts at City Center | Richmond City | $14,560,000 | $14,442,304 | MUMI (2) | General | 102 | 91% | 100% |
| Midpoint | Lynchburg City | $3,600,000 | $3,273,358 | MUMI (2) | General | 48 | 92% | 100% |
| Midway Manor | Charlottesville City | $3,035,502 | $376,855 | Section 8 | Elderly | 98 | 99% | 100% |
| Mill Park Terrace | Fredericksburg City | $1,435,000 | $849,802 | Tax Credit | Elderly | 129 | 99% | 100% |
| Miller Homes at Poplar Creek | Halifax County | $700,000 | $638,458 | Tax Credit | General | 46 | 96% | 100% |
| Millsap Lane | Washington County | $445,000 | $275,392 | Conventional | General | 8 | 88% | 100% |
| Moffett Manor | Fauquier County | $5,000,000 | $4,012,066 | Tax Credit | Elderly | 98 | 96% | 100% |
| Monmouth Woods | King George County | $10,015,000 | $9,491,230 | Tax Credit | General | 152 | 98% | 100% |
| Monterey | Hampton City | $750,000 | $291,598 | Tax Credit | General | 40 | 83% | 100% |
| Monticello Vista | Charlottesville City | $1,825,000 | $1,506,488 | Tax Credit | General, Elderly | 50 | 100% | 100% |
| Mosby Heights | Harrisonburg City | $1,950,000 | $2,189,446 | Tax Credit | General | 112 | 98% | 100% |
| Mount Vernon House | Fairfax County | $11,050,000 | $9,969,109 | Tax Credit | Elderly | 130 | 97% | 100% |
| Mount Vernon Village | Fairfax County | $341,100 | $278,550 | Conventional | Supportive Hsg | 3 | 100% | 100% |

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| Mountain Crest | Bath County | $575,000 | $552,938 | Tax Credit | Elderly | 28 | 93% | 100% |
| Mountain Run | Culpeper County | $750,000 | $374,689 | Tax Credit, RD515 | General | 50 | 94% | 100% |
| Mountain View | Waynesboro City | $2,600,000 | $2,267,218 | Tax Credit | General | 130 | 100% | 100% |
| Narrows Town Offices | Giles County | $750,000 | $653,440 | Conventional | General | 8 | 100% | 100% |
| New Clay House II | Richmond City | $2,340,000 | $2,316,684 | Tax Credit | Supportive Hsg | 80 | 96% | 100% |
| New Manchester Flats I | Richmond City | $5,648,000 | $5,049,014 | Conventional | General | 57 | 91% | 100% |
| New Manchester Flats III | Richmond City | $1,250,000 | $1,118,066 | MUMI (2) | General | 36 | 100% | 100% |
| New Manchester Flats IV | Richmond City | $6,500,000 | $5,974,546 | Conventional | General | 71 | 87% | 100% |
| New Manchester Flats IX | Richmond City | $1,300,000 | $1,162,465 | Tax Credit | General | 41 | 100% | 100% |
| New Phoenix Village | Newport News City | $1,802,000 | $1,671,074 | Tax Credit | Supportive Hsg | 48 | 96% | 100% |
| Newport Village | Franklin City | $270,000 | $196,934 | Tax Credit, RD515 | General | 48 | 100% | 100% |
| Newtown Crossing Townhomes | Frederick County | $2,700,000 | $2,696,157 | Conventional | General | 15 | 93% | 100% |
| Noah III | Virginia Beach City | $1,105,000 | $928,303 | Conventional | Supportive Hsg | 9 | 56% | 100% |
| Noah IV | Virginia Beach City | $885,000 | $736,296 | Conventional | Supportive Hsg | 7 | 57% | 100% |
| Norcroft | Richmond City | $2,188,301 | $1,431,923 | Tax Credit | Elderly | 109 | 98% | 100% |
| North County | Fairfax County | $255,000 | $88,112 | Conventional | General | 4 | 75% | 100% |
| North Oak | Richmond City | $5,200,000 | $4,646,900 | Tax Credit | General | 143 | 96% | 100% |
| Northway | Galax City | $1,675,000 | $680,770 | Tax Credit | General | 72 | 97% | 100% |
| Northwinds | Wythe County | $3,030,000 | $2,844,528 | Tax Credit | General | 144 | 99% | 100% |
| Norton Green | Norton City | $311,000 | $265,650 | Tax Credit, RD515 | Elderly | 40 | 95% | 100% |
| Nottoway River Commons | Sussex County | $1,045,000 | $901,145 | Tax Credit, RD515 | General | 44 | 89% | 100% |
| O Street Village | Richmond City | $750,000 | $588,388 | Conventional | General | 20 | 65% | 100% |
| Oak Creek | Fairfax County | $3,787,633 | $148,662 | Tax Credit, Section 8 | General | 46 | 98% | 100% |
| Oak Park | Norfolk City | $840,000 | $611,336 | Tax Credit | General | 40 | 100% | 100% |
| Oakdale Square | Chesapeake City | $710,000 | $492,994 | Tax Credit | General | 40 | 100% | 100% |
| Oakland Village | Henrico County | $765,000 | $459,958 | Tax Credit, RAD | General | 100 | 99% | 100% |
| Oaks I | Fauquier County | $3,630,000 | $2,723,970 | Tax Credit | Elderly | 96 | 96% | 100% |
| Oaks II | Fauquier County | $750,000 | $430,876 | Tax Credit | Elderly | 15 | 100% | 100% |
| Oaks of Dunlop | Colonial Heights City | $9,346,448 | $8,267,112 | Tax Credit | General | 144 | 97% | 100% |
| Ocean Trace | Virginia Beach City | $1,425,000 | $1,260,793 | Conventional | General | 12 | 83% | 100% |
| October Station | Suffolk City | $3,325,000 | $3,262,225 | Tax Credit | General | 48 | 94% | 100% |
| Old Manchester Plaza I (3) | Richmond City | $2,520,000 | $2,182,897 | Tax Credit | General | 46 | 83% | 100% |
| Old Manchester Plaza II | Richmond City | $950,000 | $792,471 | MUMI (2) | General | 4 | 75% | 100% |
| Old Manchester Plaza III | Richmond City | $300,000 | $260,501 | MUMI (2) | General | 0 | n/a | 100% |
| Old Prices Fork I | Montgomery County | $1,300,000 | $1,259,641 | Conventional | Elderly | 16 | 94% | 100% |
| Old Stone Row | Richmond City | $9,000,000 | $8,183,928 | Conventional | General | 96 | 95% | 100% |
| Olde Towne West III | Alexandria City | $1,672,500 | $57,789 | Section 8 | General | 75 | 96% | 100% |
| Omni Park Place | Hanover County | $2,800,000 | $2,650,918 | Tax Credit | Elderly | 60 | 98% | 100% |
| Orchard Grove | Giles County | $360,000 | $183,372 | Tax Credit | General | 30 | 97% | 100% |
| Orchard Landing | Prince William County | $18,150,000 | $16,842,596 | Tax Credit | General | 184 | 92% | 100% |

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| Orchard Mills | Prince William County | $23,000,000 | $16,817,064 | Tax Credit | General | 280 | 97% | 100% |
| Orchard Ridge at Jackson Village | Spotsylvania County | $23,780,000 | $23,567,808 | Tax Credit | General | 169 | 90% | 100% |
| Orchard Ridge at Jackson Village II | Spotsylvania County | $10,800,000 | $10,732,404 | Tax Credit | General | 76 | 100% | 100% |
| Orchards | Suffolk City | $6,400,000 | $5,190,873 | Tax Credit | Elderly | 136 | 99% | 100% |
| Overlook at Brook Run I | Henrico County | $8,000,000 | $7,525,815 | Tax Credit | General | 156 | 95% | 100% |
| Overlook at Brook Run II | Henrico County | $6,660,000 | $6,259,119 | Tax Credit | General | 126 | 94% | 100% |
| Overlook Terrace | Spotsylvania County | $4,875,000 | $4,591,254 | Tax Credit | General | 72 | 85% | 100% |
| Oxford Square | Tazewell County | $696,300 | $505,664 | Tax Credit, RD515 | General | 87 | 99% | 100% |
| Oyster Point - Brighton | Newport News City | $2,950,000 | $2,822,153 | Tax Credit, RAD | General | 196 | 97% | 100% |
| Pace on Main | Danville City | $1,890,000 | $1,867,539 | Conventional | General | 14 | 100% | 100% |
| Parc Crest at Poplar Forest | Prince Edward County | $900,000 | $758,027 | Tax Credit | Elderly | 44 | 95% | 100% |
| Parc Rosslyn | Arlington County | $49,300,000 | $42,663,045 | Tax Credit | General | 238 | 97% | 100% |
| ParcView | Alexandria City | $15,250,000 | $12,986,091 | Tax Credit | General | 149 | 99% | 100% |
| Parham Park Place I | Henrico County | $3,844,000 | $2,166,372 | Tax Credit | Elderly | 86 | 100% | 100% |
| Parham Park Place II | Henrico County | $2,700,000 | $2,157,845 | Tax Credit | Elderly | 51 | 100% | 100% |
| Park at Ridgedale | Chesterfield County | $6,700,000 | $4,792,544 | Tax Credit | Elderly | 120 | 93% | 100% |
| Park Place | Manassas Park City | $12,285,000 | $8,522,106 | Tax Credit | Elderly | 148 | 97% | 100% |
| Park Street Square | Roanoke City | $550,000 | $449,806 | Tax Credit | General | 25 | 100% | 100% |
| Parkside at Charles Street | Newport News City | $13,640,000 | $12,944,529 | Conventional | General | 148 | 99% | 100% |
| Parkview Gardens | Prince Edward County | $2,050,000 | $1,817,397 | Tax Credit | General | 80 | 95% | 100% |
| Parkway Village I | Waynesboro City | $2,266,000 | $2,063,132 | Tax Credit, Section 8 | General | 66 | 97% | 100% |
| Parkway Village II | Waynesboro City | $2,271,000 | $2,069,049 | Tax Credit, Section 8 | General | 60 | 95% | 100% |
| Pathway Homes | Fairfax County | $306,019 | $48,949 | Conventional | Supportive Hsg | 28 | n/a | 100% |
| Pathway Homes - 4024 Hirst Drive | Fairfax County | $780,000 | $598,385 | Conventional | Supportive Hsg | 8 | n/a | 100% |
| Pathway Homes - Fairfax | Fairfax County | $316,512 | $258,762 | Conventional | Supportive Hsg | 9 | n/a | 100% |
| Patrick Henry Lofts | Roanoke City | $11,075,000 | $9,950,998 | Conventional | General | 133 | 97% | 100% |
| Patrick Henry Place | Louisa County | $240,000 | $210,948 | Conventional | General | 4 | 100% | 100% |
| Patriots Crossing | Newport News City | $14,315,000 | $12,953,705 | Tax Credit | General | 240 | 95% | 100% |
| Pavilion | Newport News City | $2,130,000 | $1,922,079 | Tax Credit | General | 32 | 91% | 100% |
| Pendleton Park | Alexandria City | $2,500,000 | $2,127,015 | Tax Credit | General | 24 | 100% | 100% |
| Penny at Jackson Ward | Richmond City | $24,300,000 | $24,300,000 | MUMI (2) | General | 166 | 93% | 100% |
| Perry Street Lofts | Petersburg City | $11,970,000 | $11,556,934 | Conventional | General | 149 | 87% | 100% |
| Peters Creek I & II | Roanoke County | $9,550,000 | $9,083,590 | Tax Credit | General | 168 | 95% | 100% |
| Peters Creek III | Roanoke County | $930,500 | $732,079 | Tax Credit | General | 24 | 100% | 100% |
| Phelps Road Place | Amherst County | $125,000 | $108,753 | Tax Credit | Elderly | 22 | 95% | 100% |
| Pilkington | Richmond City | $670,000 | $305,370 | Conventional | Supportive Hsg | 34 | n/a | 100% |
| Pilot House | Newport News City | $8,575,000 | $8,099,083 | Tax Credit | General | 132 | 98% | 100% |
| Pine and Ninth Street | Charlottesville City | $652,000 | $380,012 | Conventional | Supportive Hsg | 8 | 75% | 100% |
| Pine Street North | Charlottesville City | $504,000 | $348,599 | Conventional | Supportive Hsg | 6 | 83% | 100% |
| Pinecrest | Brunswick County | $2,125,000 | $1,732,205 | Tax Credit | General | 70 | 99% | 100% |

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|---|---|---|---|---|---|---|---|---|
| Pines | Spotsylvania County | $648,000 | $349,533 | Tax Credit, RD515 | General | 46 | 100% | 100% |
| Piper's Landing | Virginia Beach City | $5,512,327 | $5,061,615 | Conventional | General | 153 | 97% | 100% |
| Place One | Henrico County | $1,525,000 | $3,108,466 | Tax Credit | General | 114 | 99% | 100% |
| Planters Woods | Mecklenburg County | $525,000 | $505,442 | Tax Credit, RD515 | General | 46 | 96% | 100% |
| Plumer | Wythe County | $625,000 | $525,542 | Conventional | General | 13 | 100% | 100% |
| Ponce de Leon | Roanoke City | $7,230,000 | $6,652,591 | MUMI (2) | General | 90 | 88% | 100% |
| Poplar Forest | Prince Edward County | $3,904,664 | $3,572,582 | Conventional | General | 66 | 98% | 100% |
| Powell Valley Village | Lee County | $693,000 | $679,549 | Tax Credit, RD515 | General | 34 | 82% | 100% |
| Preston Place | Frederick County | $16,400,000 | $14,630,112 | Tax Credit | General | 236 | 97% | 100% |
| Pretlow-Old Town | Franklin City | $1,250,000 | $1,142,443 | Tax Credit, RAD | General | 75 | 72% | 100% |
| Progress Street Center | Fredericksburg City | $735,000 | $337,537 | Conventional | Supportive Hsg | 6 | n/a | 100% |
| Pulaski Village | Pulaski County | $710,000 | $606,468 | Tax Credit, RD515 | Elderly | 44 | 95% | 100% |
| Quaker Hill | Alexandria City | $3,182,000 | $2,743,330 | Tax Credit | General | 60 | 100% | 100% |
| Quarter Mill | Henrico County | $14,700,000 | $12,464,271 | Tax Credit | General | 266 | 93% | 100% |
| Quarterpath Place | Williamsburg City | $3,617,500 | $3,200,741 | Conventional | General | 54 | 87% | 100% |
| Quarters at Park View | Portsmouth City | $16,350,000 | $15,510,960 | Conventional | General | 140 | 91% | 100% |
| Quebec | Arlington County | $19,800,000 | $17,436,416 | Tax Credit | General | 172 | 98% | 100% |
| R. C. Apartments | Richmond City | $786,000 | $643,150 | MUMI (2) | General | 7 | 86% | 100% |
| Radford Fitness Center | Radford City | $525,000 | $453,409 | MUMI (2) | General | 8 | 100% | 100% |
| Rappahannock | Essex County | $228,000 | $165,041 | Tax Credit, RD515 | General | 30 | 90% | 100% |
| Rebecca's Haven | Hampton City | $190,000 | $154,089 | Conventional | Supportive Hsg | 1 | n/a | 100% |
| Reese Village | Emporia City | $286,000 | $154,396 | Tax Credit, RD515 | General | 40 | 95% | 100% |
| Regency at Longhill | James City County | $16,000,000 | $14,245,745 | Conventional | General | 224 | 99% | 100% |
| Remuda Crossing | Chesterfield County | $1,279,716 | $934,641 | Conventional | General | 50 | 74% | 100% |
| Reserve at Stone Port II | Rockingham County | $33,960,000 | $33,929,641 | Conventional | General | 240 | 66% | 100% |
| Residences at October | Suffolk City | $1,800,000 | $1,636,770 | Tax Credit | General | 72 | 96% | 100% |
| Reston Herndon II | Fairfax County | $339,300 | $152,087 | Conventional | General | 3 | 100% | 100% |
| Reston Herndon III | Fairfax County | $450,000 | $232,555 | Conventional | General | 3 | 100% | 100% |
| Reston Herndon Townhouses | Fairfax County | $310,000 | $64,214 | Conventional | General | 4 | 75% | 100% |
| Richmond Dairy | Richmond City | $4,400,000 | $3,162,903 | Tax Credit | General | 113 | 89% | 100% |
| Ridge I | Shenandoah County | $890,000 | $536,863 | Tax Credit | General | 38 | 100% | 100% |
| Ridge II | Shenandoah County | $950,000 | $596,591 | Tax Credit | General | 38 | 100% | 100% |
| Ridge III | Shenandoah County | $115,000 | $576,250 | Tax Credit | General | 24 | 96% | 100% |
| Ridgecrest Town | Bristol City | $2,550,000 | $2,221,372 | Tax Credit | General | 72 | 93% | 100% |
| RIHC Townhouses | Fairfax County | $245,000 | $101,332 | Conventional | General | 3 | 100% | 100% |
| Rio Hill | Albemarle County | $3,650,000 | $1,717,664 | Tax Credit | General | 139 | 96% | 100% |
| River House | Roanoke City | $11,275,000 | $9,953,001 | MUMI (2) | General | 128 | 98% | 100% |
| River Run II | Prince William County | $6,308,000 | $3,700,649 | Tax Credit | Elderly | 100 | 94% | 100% |
| River Street Lofts | Petersburg City | $1,200,000 | $1,045,585 | MUMI (2) | General | 8 | 50% | 100% |
| Riverbend | Radford City | $1,432,698 | $48,957 | Section 8 | General | 60 | 98% | 100% |

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| Rivermeade II | York County | $290,000 | $215,462 | Tax Credit, RD515 | General | 32 | 81% | 100% |
| Rivers | Chesapeake City | $2,490,000 | $2,036,903 | Tax Credit, RD515 | General | 240 | 98% | 100% |
| Riverside Park | Hopewell City | $3,515,000 | $2,259,201 | Conventional | General | 120 | 98% | 100% |
| Riverwoods | Prince William County | $12,700,000 | $10,813,045 | Tax Credit | General | 156 | 90% | 100% |
| Robinson Park | Rockingham County | $3,185,000 | $3,072,380 | Tax Credit | General | 88 | 91% | 100% |
| Roland E. Cook Lofts | Roanoke County | $2,150,000 | $2,070,047 | Conventional | General | 21 | 67% | 100% |
| Rolling Meadows | James City County | $14,325,000 | $13,604,794 | Tax Credit | General | 200 | 96% | 100% |
| Rose Hall II | Virginia Beach City | $3,825,000 | $3,404,143 | Conventional | General | 152 | 100% | 100% |
| Round Hill Meadows | Orange County | $2,650,000 | $2,379,115 | Tax Credit | General | 60 | 98% | 100% |
| Round Hill Meadows Place | Orange County | $3,520,000 | $3,166,749 | Conventional | General | 40 | 100% | 100% |
| Royal Hills I | Warren County | $600,000 | $546,110 | Tax Credit, RD515 | General | 46 | 100% | 100% |
| Royal Oaks | Norfolk City | $3,900,000 | $1,728,053 | Conventional | General | 114 | 98% | 100% |
| Rutledge Hills | Amherst County | $540,000 | $437,775 | Tax Credit, RD515 | General | 48 | 96% | 100% |
| S Street Townhomes | Fairfax County | $251,500 | $43,639 | Conventional | General | 3 | 100% | 100% |
| Salem Run I | Spotsylvania County | $5,505,000 | $2,991,689 | Tax Credit | General | 160 | 97% | 100% |
| Sandston Woods | Henrico County | $750,000 | $763,941 | Tax Credit, RD515 | General | 64 | 100% | 100% |
| Sanger Place | Fairfax County | $11,560,000 | $7,961,541 | Tax Credit | General | 182 | 95% | 100% |
| Sapling Grove | Bristol City | $450,000 | $358,802 | Tax Credit | General | 26 | 100% | 100% |
| Scottsville School | Albemarle County | $1,430,000 | $1,268,141 | Tax Credit | Elderly | 34 | 97% | 100% |
| Seaside Harbor (3) | Virginia Beach City | $2,400,000 | $2,343,311 | Tax Credit | General | 76 | 99% | 100% |
| SERVE Family Shelter | Manassas City | $1,500,000 | $905,666 | Conventional | Supportive Hsg | 56 | n/a | 100% |
| Shalom | Lynchburg City | $325,000 | $288,030 | Tax Credit | General | 46 | 93% | 100% |
| Shell | Arlington County | $8,550,000 | $7,943,876 | MUMI (2) | General | 83 | 95% | 100% |
| Shell Gardens | Hampton City | $750,000 | $285,304 | Tax Credit | General | 48 | 96% | 100% |
| Shelton | Arlington County | $9,000,000 | $7,809,728 | MUMI (2) | General | 94 | 98% | 100% |
| Shenandoah Commons | Shenandoah County | $750,000 | $383,789 | Tax Credit | Elderly | 38 | 97% | 100% |
| Shire | Chesapeake City | $1,935,000 | $1,809,144 | Tax Credit | General | 40 | 95% | 100% |
| Shockoe Valley View I | Richmond City | $11,800,000 | $11,123,767 | Conventional | General | 151 | 85% | 100% |
| Shockoe Valley View II | Richmond City | $9,050,000 | $8,794,590 | MUMI (2) | General | 87 | 79% | 100% |
| Shorehaven | Prince William County | $23,800,000 | $21,686,420 | Tax Credit | General | 240 | 99% | 100% |
| Skyline Vista | Warren County | $3,538,000 | $3,054,786 | Tax Credit | General | 82 | 89% | 100% |
| Smokey Ridge | Montgomery County | $330,000 | $307,905 | Tax Credit, RD515 | General | 52 | 100% | 100% |
| Somanath Seniors at Beckstoffers | Richmond City | $1,285,000 | $1,148,611 | Tax Credit | Elderly | 39 | 100% | 100% |
| Somerset at Town Center | Hampton City | $9,000,000 | $7,749,822 | Tax Credit | Elderly | 151 | 98% | 100% |
| Sommerset House | Loudoun County | $6,975,000 | $5,486,113 | Conventional | Elderly | 102 | 63% | 100% |
| South 16 | Roanoke City | $15,100,000 | $14,139,733 | MUMI (2) | General | 156 | 81% | 100% |
| South Gate | Richmond City | $3,455,000 | $2,245,109 | Tax Credit | General | 112 | 99% | 100% |
| South Knight | Fairfax County | $307,000 | $154,700 | Conventional | General | 3 | 100% | 100% |
| Southridge | Wythe County | $213,704 | $27,893 | Tax Credit | General | 20 | 90% | 100% |
| Southside Gardens | Portsmouth City | $6,880,000 | $3,913,998 | Tax Credit, Section 8 | General | 134 | 97% | 100% |

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| SouthWind | Norfolk City | $5,600,000 | $4,888,136 | Tax Credit | General | 120 | 98% | 100% |
| Spectrum | Richmond City | $10,700,000 | $10,558,839 | Conventional | General | 103 | 95% | 100% |
| Spicer's Mill | Orange County | $314,000 | $246,238 | Tax Credit, RD515 | General | 40 | 98% | 100% |
| Spring Creek | Norfolk City | $1,850,000 | $1,481,931 | Conventional | General | 62 | 92% | 100% |
| Springbrook Place | Rockingham County | $750,000 | $128,008 | Tax Credit | Elderly | 38 | 100% | 100% |
| Springs | Arlington County | $8,565,000 | $8,039,574 | Tax Credit | General | 104 | 99% | 100% |
| St. James Street | Petersburg City | $172,800 | $81,333 | Conventional | General | 6 | 100% | 100% |
| St. Regis and Elaine Court | Newport News City | $950,000 | $541,566 | Conventional | General | 30 | 93% | 100% |
| Stafford Lakes | Stafford County | $4,850,000 | $2,696,315 | Tax Credit | General | 150 | 98% | 100% |
| Station at Norge | James City County | $4,100,000 | $3,247,324 | Tax Credit | General | 104 | 96% | 100% |
| Station at Potomac Yard | Alexandria City | $8,350,000 | $7,452,874 | MUMI (2) | General | 64 | 95% | 100% |
| Stepping Stone | Roanoke City | $500,000 | $322,855 | Tax Credit | General | 30 | 100% | 100% |
| Sterling Beaufont | Richmond City | $6,450,000 | $5,734,893 | Conventional | General | 128 | 96% | 100% |
| Stevens Woods | Southampton County | $1,745,000 | $1,520,777 | Tax Credit, RD515 | General | 60 | 98% | 100% |
| Stevens-Varnum House | Nelson County | $375,000 | $28,575 | Conventional | Supportive Hsg | 7 | n/a | 100% |
| Stonegate | Lee County | $296,380 | $201,582 | Tax Credit, RD515 | General | 36 | 89% | 100% |
| Studios II | Richmond City | $357,263 | $328,567 | Tax Credit | Supportive Hsg | 39 | 97% | 100% |
| Summer Haven | Virginia Beach City | $3,300,000 | $3,162,133 | Tax Credit | General | 57 | 96% | 100% |
| Summerdale | Henrico County | $8,310,000 | $5,450,752 | Tax Credit | General | 124 | 99% | 100% |
| Summit | Hopewell City | $2,209,000 | $2,029,836 | Tax Credit, RAD | General | 56 | 91% | 100% |
| Sunhouse M/R | Bristol City | $305,842 | $35,143 | Section 8 | Supportive Hsg | 12 | 83% | 100% |
| Sunnyside Village I | Northampton County | $88,000 | $31,580 | Conventional | General | 16 | 94% | 100% |
| Surry Village I | Surry County | $700,000 | $459,507 | Tax Credit, RD515 | General | 48 | 96% | 100% |
| Surry Village II | Surry County | $300,000 | $273,055 | Tax Credit, RD515 | General | 32 | 94% | 100% |
| Swansboro | Richmond City | $1,600,000 | $933,839 | Tax Credit | General | 62 | 90% | 100% |
| Sweetbriar | Washington County | $517,045 | $433,721 | Tax Credit | General | 20 | 95% | 100% |
| Taylor Bend | Chesapeake City | $3,268,000 | $2,724,203 | Conventional | General | 30 | 63% | 100% |
| Tazewell Square | Tazewell County | $307,000 | $222,947 | Tax Credit, RD515 | General | 56 | 91% | 100% |
| Terrace North | Roanoke City | $1,870,000 | $1,612,646 | Tax Credit | General | 78 | 87% | 100% |
| Terrace South | Roanoke City | $2,735,000 | $2,355,447 | Tax Credit | General | 109 | 86% | 100% |
| Thrive | Chesapeake City | $7,600,000 | $7,235,380 | Tax Credit | General | 102 | 98% | 100% |
| Tobacco Landing | Richmond City | $1,000,000 | $798,659 | Tax Credit | General | 62 | 100% | 100% |
| Tomcliff I | Richmond City | $940,000 | $482,436 | Conventional | General | 7 | 71% | 100% |
| Tomcliff II | Richmond City | $950,000 | $463,082 | Conventional | General | 7 | 86% | 100% |
| Tomcliff III | Richmond City | $925,000 | $537,362 | Conventional | General | 5 | 100% | 100% |
| Tomcliff IV | Richmond City | $945,000 | $693,459 | Conventional | General | 6 | 83% | 100% |
| Tomcliff V | Richmond City | $950,000 | $720,722 | Conventional | General | 6 | 67% | 100% |
| Tomcliff VI | Richmond City | $1,220,000 | $964,339 | Conventional | General | 7 | 86% | 100% |
| Toms Brook School | Shenandoah County | $315,000 | $271,388 | Tax Credit | General | 14 | 100% | 100% |
| Towne Square | Prince William County | $15,000,000 | $12,909,380 | Tax Credit | General | 135 | 94% | 100% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Townhomes at Warwick Place | Richmond City | $2,725,000 | $2,592,324 | Tax Credit | General | 40 | 100% | 100% |
| Townhomes of Oakleys | Henrico County | $6,660,000 | $4,833,294 | Tax Credit | General | 160 | 98% | 100% |
| Tranquility at the Lakes | Virginia Beach City | $1,579,000 | $1,523,046 | Tax Credit | Elderly | 40 | 100% | 100% |
| Treemont | Buena Vista City | $1,526,564 | $1,244,859 | Tax Credit | General | 60 | 100% | 100% |
| Trevilian Square | Louisa County | $1,120,000 | $968,789 | Conventional | General | 28 | 96% | 100% |
| Tuscany Townhomes | Richmond City | $4,792,502 | $4,190,757 | Tax Credit | General | 132 | 99% | 100% |
| Tysons Landing | Fairfax County | $1,500,000 | $961,235 | Tax Credit | General | 40 | 100% | 100% |
| Tysons Towers | Fairfax County | $19,000,000 | $18,535,473 | RAD | Elderly | 274 | 97% | 100% |
| University Suites at Port Warwick | Newport News City | $11,500,000 | $8,807,507 | Conventional | General | 314 | 93% | 100% |
| Valley View | Staunton City | $1,865,000 | $1,473,024 | Tax Credit | Elderly | 71 | 97% | 100% |
| Valley View Retirement Community | Lynchburg City | $7,326,700 | $5,042,512 | Conventional | Elderly | 109 | 89% | 100% |
| Valley Vista | Shenandoah County | $2,129,100 | $1,806,952 | Tax Credit | General | 85 | 78% | 100% |
| Valor | Fredericksburg City | $16,750,000 | $16,279,793 | Tax Credit | General | 128 | 93% | 100% |
| Valor West | Fredericksburg City | $17,900,000 | $17,818,504 | Tax Credit | General | 120 | 96% | 100% |
| Victoria Park | Prince William County | $8,900,000 | $8,231,466 | Tax Credit | Elderly | 110 | 93% | 100% |
| Victoria Place | Lunenburg County | $550,000 | $489,601 | Tax Credit, RD515 | Elderly | 39 | 100% | 100% |
| Victory Village | Portsmouth City | $7,980,000 | $7,635,215 | Tax Credit | General | 112 | 96% | 100% |
| Vida East | Richmond City | $20,750,000 | $20,596,268 | Conventional | General | 178 | 85% | 100% |
| Village at Oakview | Bristol City | $825,000 | $790,977 | Tax Credit | General | 48 | 100% | 100% |
| Village at Rockbridge | Rockbridge County | $1,500,000 | $1,368,984 | Tax Credit, Section 8 | General | 64 | 91% | 100% |
| Village Green | Gloucester County | $330,000 | $319,501 | Tax Credit, RD515 | General | 32 | 97% | 100% |
| Villages at Garst Creek | Roanoke County | $20,450,000 | $18,428,538 | Tax Credit | General | 504 | 85% | 100% |
| Villages at Goose Pond | Fauquier County | $13,700,000 | $12,876,599 | Conventional | General | 71 | 100% | 100% |
| Villas at October | Suffolk City | $2,860,000 | $2,805,476 | Tax Credit | General | 39 | 95% | 100% |
| Virnita Court | Charlottesville City | $765,000 | $601,690 | Tax Credit | General | 16 | 94% | 100% |
| vPoint Clarendon | Arlington County | $14,500,000 | $13,536,966 | Tax Credit | General | 116 | 98% | 100% |
| Waddell Estates | Smyth County | $605,000 | $442,561 | Conventional | General | 16 | 100% | 100% |
| Washburn Place | Fauquier County | $3,420,545 | $3,362,065 | Tax Credit | General | 30 | 90% | 100% |
| Waverton Impressions I | Newport News City | $27,000,000 | $26,961,271 | Conventional | General | 180 | 93% | 100% |
| Wellington Place | Henrico County | $5,400,000 | $3,378,565 | Conventional | General | 200 | 100% | 100% |
| Wesley | Lynchburg City | $4,100,000 | $3,008,417 | Tax Credit | Elderly | 150 | 96% | 100% |
| Wesleyan Place | Virginia Beach City | $3,700,000 | $3,264,983 | Tax Credit | Elderly | 91 | 100% | 100% |
| West Main Street Townhouses | Pulaski County | $550,000 | $307,557 | Conventional | General | 13 | 85% | 100% |
| Westbriar | Henrico County | $274,500 | $183,692 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Westbridge Commons | Chesapeake City | $1,530,000 | $572,576 | Tax Credit | General | 60 | 98% | 100% |
| Westminster Oaks | Fairfax County | $5,500,000 | $4,984,138 | Tax Credit | General | 50 | 100% | 100% |
| Weston Circle | Fredericksburg City | $13,200,000 | $12,166,316 | Tax Credit | General | 150 | 96% | 100% |
| Westover Commons | Petersburg City | $2,185,000 | $1,480,042 | Tax Credit | General | 84 | 90% | 100% |
| Westover Station | Newport News City | $3,455,000 | $1,700,447 | Tax Credit | General | 108 | 99% | 100% |
| Westwood Village | Roanoke City | $3,694,271 | $1,601,301 | Tax Credit, Section 8 | General | 113 | 96% | 100% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Wexford Manor I | Fairfax County | $3,600,000 | $3,417,780 | Tax Credit | General | 38 | 100% | 100% |
| Wexford Manor II | Fairfax County | $4,625,000 | $4,405,913 | Tax Credit | General | 36 | 97% | 100% |
| Wheatland | Franklin County | $656,000 | $431,098 | Conventional | General | 11 | 100% | 100% |
| White's Mill Point | Washington County | $500,000 | $352,654 | Tax Credit | General | 32 | 97% | 100% |
| Whittaker Place | Newport News City | $3,900,000 | $3,891,066 | Tax Credit | General | 67 | n/a | 100% |
| Wicklow Square | Fredericksburg City | $7,000,000 | $6,559,684 | Tax Credit | General | 96 | 95% | 100% |
| William Byrd | Richmond City | $4,900,000 | $4,647,233 | Tax Credit | Elderly | 104 | 99% | 100% |
| William Watters (Lynhaven) | Arlington County | $1,930,000 | $1,787,899 | Tax Credit | General | 21 | 100% | 100% |
| Willow Branch | Amherst County | $150,000 | $149,391 | Tax Credit, RD515 | General | 48 | 100% | 100% |
| Willow Oaks | Halifax County | $2,805,830 | $2,538,327 | Tax Credit | General | 72 | 99% | 100% |
| Wilsondale I | Hampton City | $6,997,000 | $6,410,780 | MUMI (2) | General | 60 | 95% | 100% |
| Wilton Farm | Albemarle County | $6,700,000 | $5,767,022 | Tax Credit | General | 144 | 99% | 100% |
| Windsor Court I | Isle of Wight County | $387,000 | $221,134 | Tax Credit, RD515 | General | 40 | 95% | 100% |
| Wingler House II | Loudoun County | $7,900,000 | $5,557,809 | Tax Credit | Elderly | 132 | 99% | 100% |
| Woodbridge | Prince William County | $300,000 | $235,885 | Conventional | Supportive Hsg | 4 | 100% | 100% |
| Woodland Hill | Arlington County | $20,750,000 | $19,421,018 | Tax Credit | Elderly | 235 | 99% | 100% |
| Woodlands II | Albemarle County | $28,200,000 | $27,738,501 | Conventional | General | 159 | 23% | 100% |
| Woodpecker Road Group Home | Chesterfield County | $270,000 | $245,170 | Conventional | Supportive Hsg | 5 | n/a | 100% |
| Woodridge | Roanoke City | $1,200,000 | $873,698 | Tax Credit | General | 96 | 96% | 100% |
| Woodrum Manor and Westview | Giles County | $315,000 | $266,574 | Tax Credit | General | 26 | 69% | 100% |
| Woods at Brambleton | Loudoun County | $17,170,000 | $16,500,753 | Tax Credit | General | 202 | 100% | 100% |
| Woodside Village | Danville City | $4,147,544 | $3,633,137 | Tax Credit | General | 160 | 94% | 100% |
| Wyndham Pointe | Prince William County | $18,464,000 | $13,616,844 | Tax Credit | General | 194 | 96% | 100% |
| Yorktown Arch | York County | $12,545,000 | $11,608,561 | Conventional | General | 92 | 98% | 100% |
| Yorktown Square I | York County | $1,901,000 | $1,258,065 | Tax Credit | General | 56 | 89% | 100% |
| Subtotals | | **$3,325,429,653** | **$2,851,388,103** | | | **54,631** | | |
| **Developments that are financed by construction loans** | | | | | | | | |
| 200 West II | Virginia Beach City | $10,095,000 | $8,961,650 | Tax Credit | General | 112 | n/a | 100% |
| 2525 Main | Richmond City | $34,000,000 | $28,216,810 | MUMI (2) | General | 217 | n.a | 87% |
| 3900 West Broad Street | Richmond City | $40,200,000 | $2,323,726 | MUMI (2) | General | 250 | n/a | 4% |
| 949 Myers Street | Richmond City | $33,700,000 | $24,424,884 | MUMI (2) | General | 198 | n/a | 80% |
| Aero I | Hampton City | $5,060,000 | $4,500,923 | Tax Credit | General | 72 | n/a | 45% |
| Aero II | Hampton City | $5,100,000 | $1,499,599 | Tax Credit | General | 48 | n/a | 25% |
| Apex West | Arlington County | $23,145,000 | $17,540,702 | Tax Credit | General | 131 | n/a | 79% |
| Artisan Hill | Richmond City | $27,700,000 | $26,462,539 | MUMI (2) | General | 204 | 86% | 100% |
| Ashburn Chase II | Loudoun County | $7,090,000 | $3,001,345 | Tax Credit | General | 48 | n/a | 11% |
| Bennett's Creek | Suffolk City | $19,900,000 | $11,531,225 | Conventional | General | 144 | n/a | 41% |
| Brookdale | Albemarle County | $11,900,000 | $10,730,781 | Tax Credit | General | 84 | 68% | 80% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Circ | Richmond City | $18,000,000 | $14,757,637 | Conventional | General | 106 | n/a | 74% |
| Culpepper Garden I | Arlington County | $27,250,000 | $23,108,481 | Tax Credit | Elderly | 210 | 68% | 84% |
| Current | Richmond City | $36,500,000 | $3,218,611 | Conventional | General | 214 | n/a | 19% |
| Diggs Town Phase I | Norfolk City | $18,040,000 | $2,118,656 | Tax Credit, RAD | General | 222 | n/a | 24% |
| Forest Glen I | Fairfax County | $5,000,000 | $1,656,044 | Tax Credit | Elderly | 119 | 99% | 7% |
| Fulton Hill School | Richmond City | $6,200,000 | $5,471,285 | Conventional | General | 33 | n/a | 99% |
| Gilliam Place West | Arlington County | $14,170,000 | $12,576,021 | Tax Credit | General | 90 | 48% | 100% |
| Greene Hills Estates | Fairfax County | $21,150,000 | $20,873,322 | Tax Credit, Section 8 | General | 100 | 99% | 99% |
| Jameson at Kincora | Loudoun County | $81,676,136 | $36,468,373 | Conventional | General | 333 | n/a | 57% |
| Locks Tower | Richmond City | $49,457,000 | $45,871,900 | MUMI (2) | General | 237 | 8% | 99% |
| Lofts at Meadowcreek | Charlottesville City | $8,750,000 | $8,293,136 | Conventional | General | 65 | n/a | 100% |
| Marina Villa | Norfolk City | $17,690,000 | $12,640,826 | Conventional | General | 105 | n/a | 76% |
| Market Square V | Chesterfield County | $3,400,000 | $3,102,049 | Tax Credit | Elderly | 105 | 97% | 100% |
| Monroe Gates | Hampton City | $21,960,000 | $3,265,171 | Conventional | General | 162 | n/a | 24% |
| Nest | Richmond City | $18,000,000 | $7,935,091 | MUMI (2) | General | 118 | n/a | 54% |
| New Manchester Flats V | Richmond City | $10,010,000 | $3,933,266 | Tax Credit | General | 104 | n/a | 28% |
| Preston Lake | Rockingham County | $22,218,000 | $4,781,499 | Conventional | General | 144 | n/a | 24% |
| Queens Court North | Arlington County | $35,730,000 | $4,712,861 | Tax Credit | General | 159 | n/a | 26% |
| Renaissance I | Virginia Beach City | $8,660,000 | $2,588,099 | Tax Credit | General | 96 | n/a | 68% |
| Renaissance II | Virginia Beach City | $9,500,000 | $3,068,518 | Tax Credit | General | 96 | n/a | 42% |
| Renaissance III | Virginia Beach City | $6,850,000 | $1,958,264 | Conventional | General | 96 | n/a | 26% |
| Reserve at Daleville | Botetourt County | $26,000,000 | $21,424,355 | Conventional | General | 188 | 2% | 94% |
| Retreat at Harbor Pointe | Norfolk City | $29,715,000 | $4,633,085 | Tax Credit | General | 246 | n/a | 49% |
| Riverbend III | Gloucester County | $2,950,000 | $435,070 | Tax Credit | General | 28 | n/a | 32% |
| Robert Regan Village | Clarke County | $16,700,000 | $10,894,462 | Tax Credit | Elderly | 120 | n/a | 56% |
| Rosa | Richmond City | $4,172,000 | $3,716,801 | Tax Credit, RAD | Elderly | 72 | 100% | 100% |
| South Falls | Richmond City | $43,000,000 | $8,047,771 | MUMI (2) | General | 255 | n/a | 34% |
| Summit | Richmond City | $29,600,000 | $10,147,264 | MUMI (2) | General | 166 | n/a | 32% |
| Sunrise | Charlottesville City | $4,320,000 | $192,115 | Conventional | General | 22 | n/a | 0% |
| Sunset Creek | Hampton City | $13,600,000 | $12,329,097 | Tax Credit | General | 160 | 35% | 100% |
| Sycamore Towers | Petersburg City | $5,200,000 | $1,414,872 | Tax Credit, RAD | Elderly | 100 | 49% | 49% |
| Townsquare at Dumfries | Prince William County | $31,080,000 | $13,331,315 | Tax Credit | General | 230 | n/a | 35% |
| Twenty Seven Atlantic | Virginia Beach City | $92,500,000 | $14,887,964 | MUMI (2) | General | 266 | n/a | 13% |
| Van De Vyver | Richmond City | $12,160,000 | $8,753,182 | Tax Credit | General | 82 | n/a | 89% |
| Villas at Reid Landing | Suffolk City | $3,250,000 | $1,651,433 | Tax Credit | General | 51 | n/a | 17% |
| Vue | Albemarle County | $21,750,000 | $15,538,369 | Conventional | General | 126 | n/a | 75% |
| Vue at Westchester Commons | Chesterfield County | $36,000,000 | $25,993,732 | Conventional | General | 238 | 2% | 77% |
| Subtotals | | **$1,030,098,136** | **$514,984,183** | | | **6,772** | | |

**Developments for which loans have been committed but not initially closed**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| AHDC Gateway | Alexandria City | $8,700,000 | n/a | Tax Credit | General | 74 | n/a | n/a |
| Alexander at 1090 -4% | Richmond City | $4,545,000 | n/a | Tax Credit | General | 48 | n/a | n/a |
| Alexander at 1090 -9% | Richmond City | $4,150,000 | n/a | Tax Credit | General | 48 | n/a | n/a |
| Ann Wingfield Commons | Culpeper County | $3,000,000 | n/a | Tax Credit | General | 44 | n/a | n/a |
| Apartments at Kingsridge 2 | Henrico County | $5,880,000 | n/a | Tax Credit | General | 71 | n/a | n/a |
| Arden - Building A | Fairfax County | $12,424,000 | n/a | MUMI (2) | General | 79 | n/a | n/a |
| Arden - Building B | Fairfax County | $11,395,000 | n/a | MUMI (2) | General | 47 | n/a | n/a |
| Ashburn Chase I | Loudoun County | $5,250,000 | n/a | Tax Credit | General | 48 | n/a | n/a |
| Baker School | Richmond City | $9,359,000 | n/a | Tax Credit | Elderly | 50 | n/a | n/a |
| Bellefonte | Alexandria City | $2,700,000 | n/a | Conventional | Supportive Hsg | 12 | n/a | n/a |
| Berkeley I | Arlington County | $15,200,000 | n/a | Tax Credit | General | 125 | n/a | n/a |
| Burton Creek Apartments | Lynchburg | $4,000,000 | n/a | Tax Credit | General | 85 | n/a | n/a |
| Carlton Neighborhood Housing | Charlottesville | $1,950,000 | n/a | Tax Credit | Supportive Hsg | 35 | n/a | n/a |
| Carlton Views II | Charlottesville | $2,730,000 | n/a | Tax Credit | General | 44 | n/a | n/a |
| Carlton Views III | Charlottesville | $3,250,000 | n/a | Tax Credit | Supportive Hsg | 48 | n/a | n/a |
| Carpenter's Shelter | Alexandria City | $10,350,000 | n/a | Tax Credit | General | 97 | n/a | n/a |
| Church Hill North Phase IA | Richmond City | $2,500,000 | n/a | Tax Credit | General | 60 | n/a | n/a |
| Church Hill North Phase 2A | Richmond City | $5,475,000 | n/a | Tax Credit | General | 70 | n/a | n/a |
| Culpeper Crossing | Culpeper County | $2,480,000 | n/a | Tax Credit | General | 28 | n/a | n/a |
| Cypress Landing | Chesapeake City | $2,600,000 | n/a | Tax Credit | Supportive Hsg | 50 | n/a | n/a |
| Dr. Hughes House | Richmond City | $950,000 | n/a | Conventional | General | 4 | n/a | n/a |
| Foundry | Richmond City | $25,950,000 | n/a | Tax Credit | General | 200 | n/a | n/a |
| Gilliam Place East | Arlington County | $7,874,000 | n/a | Tax Credit | General | 90 | n/a | n/a |
| Groom School | South Hill | $1,300,000 | n/a | Tax Credit | Elderly | 55 | n/a | n/a |
| Hawk's Landing | Greene County | $4,100,000 | n/a | Tax Credit | General | 50 | n/a | n/a |
| Huntington Village | Newport News | $6,170,000 | n/a | Tax Credit | General | 96 | n/a | n/a |
| King William Manor | King William County | $3,055,000 | n/a | Tax Credit | Elderly | 40 | n/a | n/a |
| Lassiter Courts | Newport News | $1,500,000 | n/a | Tax Credit | General | 100 | n/a | n/a |
| Lacy Court | Alexandria City | $6,925,000 | n/a | Tax Credit | General | 44 | n/a | n/a |
| Lexington Place Phase I | Portsmouth | $6,291,000 | n/a | Tax Credit | General | 72 | n/a | n/a |
| Market Square Seniors IV | Chesterfield County | $3,135,000 | n/a | Tax Credit | Elderly | 60 | n/a | n/a |
| Meridian at Watermark I (3) | Chesterfield County | $29,500,000 | n/a | Conventional | General | n/a | 91% | 100% |
| Meridian at Watermark II (3) | Chesterfield County | $12,500,000 | n/a | Conventional | General | n/a | 91% | 100% |
| Millview | Fauquier County | $2,500,000 | n/a | Tax Credit | General | 28 | n/a | n/a |
| Model Tobacco | Richmond | $33,000,000 | n/a | Conventional | General | 203 | n/a | n/a |
| Mountain Laurel Manor I | Augusta | $2,880,000 | n/a | Tax Credit | General | 48 | n/a | n/a |
| Mountain Laurel Manor II | Augusta | $2,900,000 | n/a | Tax Credit | General | 48 | n/a | n/a |
| New Lake Anne House | Fairfax County | $46,500,000 | n/a | Tax Credit | Elderly | 240 | n/a | n/a |
| New River Gardens I | Radford City | $173,000 | n/a | Tax Credit | General | 48 | n/a | n/a |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Pine Forest | King George County | $169,993 | n/a | Tax Credit | General | 40 | n/a | n/a |
| Pinecrest | Bedford County | $2,400,000 | n/a | Tax Credit | General | 64 | n/a | n/a |
| Post East Four | Arlington County | $19,160,000 | n/a | Tax Credit | General | 80 | n/a | n/a |
| Post West Nine | Arlington County | $7,930,000 | n/a | Tax Credit | General | 80 | n/a | n/a |
| Queens Court South | Arlington County | $9,245,000 | n/a | Tax Credit | General | 90 | n/a | n/a |
| Residences at North Hill 2 | Fairfax County | $10,225,000 | n/a | Tax Credit | General | 75 | n/a | n/a |
| Residences at North Hill Bond 47 | Fairfax County | $10,500,000 | n/a | Tax Credit | General | 47 | n/a | n/a |
| Residences at North Hill Bond 94 | Fairfax County | $18,800,000 | n/a | Tax Credit | General | 94 | n/a | n/a |
| Riverbend Phase II | Gloucester | $4,125,000 | n/a | Tax Credit | General | 60 | n/a | n/a |
| Senior Residences at North Hill | Fairfax County | $8,180,000 | n/a | Tax Credit | Elderly | 63 | n/a | n/a |
| Townhomes at Warwick Phase II | Richmond City | $1,800,000 | n/a | Tax Credit | General | 30 | n/a | n/a |
| Washington Square | Emporia | $247,000 | n/a | Tax Credit | General | 24 | n/a | n/a |
| Watkins Centre | Chesterfield | $32,000,000 | n/a | Conventional | General | 200 | n/a | n/a |
| West Main Development | Pulaski County | $525,000 | n/a | MUMI (2) | General | 4 | n/a | n/a |
| Subtotals | | **$440,447,993** | | | | **2,377** | | |
| Grand Totals for All Developments | | **$4,795,975,782** | **$3,366,372,285** | | | **63,780** | | |



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 VHDA office building.

(8) Section 8 is noted only if the Payments Contract is administered by the Authority. Developments may be assisted be Section 8 subsidies under Payment Contracts administered by other parties (such as Renewal Contracts) but are not noted as Section 8 since the Authority does not monitor the existence of any such Payment Contracts.

(9) Current mortgage loan amount represents the amortized balance for permanent loans or committed amount disbursed for construction loans.

(10) 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.

(11) Property suffered total fire loss on 5/10/2018. Tenants relocated. Plans are to start construction by 12/31/2019.

# 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, 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 (1) the unpaid principal amount of the mortgage, (2) the amount of all payments made by the mortgagee (i) for taxes, special assessments and water rates which are liens prior to the mortgage, (ii) for insurance on the property, and (iii) for any mortgage insurance premiums paid after default, (3) an allowance for reasonable payments made by the mortgagee with the approval of FHA for the completion and preservation of the property, and (4) 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 (1) any amount received by the mortgagee on account of the mortgage after the date of default, (2) any net income received by the mortgagee from the property covered by the mortgage after the date of default, and (3) the sum of (i) 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, (ii) all funds held by the mortgagee for the account of the mortgagor received pursuant to any other agreement, and (iii) 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. During the Outbreak, a failure to make any payment under a mortgage will not necessarily result in a default under the Regulations. See "Business Disruption Risk; COVID-19" in "Part III – General Information About the Authority."

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 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 (a) an agreement with HUD entitled "Risk-Sharing Agreement (Federal Financing Bank Financing)" which is supplemental to the Risk Sharing Agreement, (b) 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 (c) an agreement with both the FFB and U.S. Bank National Association, Minneapolis, Minnesota, (the "Custodian") entitled "Master Escrow and Custody Agreement." As a result of the foregoing agreements, the Authority had the option of FFB financing for multi-family mortgage loans that are insured under the Risk-Sharing Program. The Authority financed 8 mortgage loans with such FFB financing before it became no longer available. 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 "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, eighty percent of the Contract Rent is payable during a period of not more than sixty days, subject to compliance by the mortgagor with certain conditions relating primarily to a diligent effort to rent the subsidized unit.

The subsidy payments for vacant units can, under certain conditions, continue for an additional twelve months after the sixty 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 multifamily 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 recent 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 percent 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 percent 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. The Authority's risk is affected because the funds so used are security for, and would have otherwise been available for debt service on, the Authority's mortgage loans financing those developments. The developments affected by Notice H-2012-14 are generally developments financed under HUD regulations that became effective in 1980. While the original Authority mortgage loans should mature prior to the end of 2017 and are not expected to be at risk of any significant loss to the Authority, certain of these developments are financed by new Authority mortgage loans that mature at later dates and will be possibly affected by Notice H-2012-14. (See "Federal Programs and Requirements" in "The Multi-Family Program.") Notice H-2012-14 is effective until amended, revoked or superseded.

*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 60% or less of such area median gross income, as so adjusted. 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.

In the event that the income of a family occupying a low income unit exceeds the maximum qualifying income 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 (a) the monthly payment for principal, if any, interest and the Authority's fees and charges which the mortgagor is obligated to pay and (b) 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 (1) 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, (2) 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, (3) 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 (4) the mortgagor shall remit to HUD the amount ("Excess Income Payment") by which the total rents collected on all subsidized dwelling units exceeds the sum of the basic rents for all such units. Under the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act, Title V of Pub. L. 106-74, enacted October 20, 1999 (the "1999 Act"), the rent chargeable to the tenant is also limited by the rent for a comparable unassisted unit in the market area. The Balanced Budget Downpayment Act, II, Pub. L. 104-134, enacted April 26, 1996, provides that Excess Income Payments must be remitted to HUD on a unit-by-unit basis, thus precluding the ability of mortgagors to use such Excess Income Payments to offset collection losses and potentially reducing the income available to the projects. The 1999 Act provides that mortgagors may retain some or all of such Excess Income Payments if authorized by HUD. The Authority covenants in the agreements that it will not agree to the forbearance or deferment of any payment due under the mortgage loan without HUD's approval. HUD may, at its discretion, terminate payments under the agreement upon default by the mortgagor or the Authority under any provision of the agreement. If payments are terminated by HUD, such payments may be reinstated by HUD on such conditions as it may prescribe. The rights and obligations under the agreement are not assignable by the Authority or by the Mortgagor without the approval of HUD.

Certain developments which are subject to Section 236 interest reduction payments are also subject to rental assistance payments under Section 236(f)(2) of the National Housing Act, as amended. Payments under this program are paid by HUD directly to the mortgagor on behalf of eligible tenants occupying assisted dwelling units. To be eligible for rental assistance payments, a tenant must have an income not in excess of 50% of the median income for the area, as determined by HUD. The payments for each assisted unit are generally in an amount equal to the difference between the "basic rent" approved by HUD for the unit and 30% of the eligible tenant's adjusted income (as defined by HUD). Such payments to the mortgagor in effect represent rental income and do not reduce or otherwise affect the amounts the mortgagor must pay to the Authority under the mortgage loan.

The maximum amount of rental assistance payments for any Section 236 development is originally established by HUD and set forth in the subsidy agreement between HUD and the Authority. In order to provide sufficient rental income to pay debt service and expenses of the development, an increase in this maximum amount may become necessary if rents are increased or if the amount of rent payable by the tenants decreases due to an overall reduction in the tenants' incomes. HUD will increase the maximum amount of rental assistance payments by an amount equal to 100% of the needed increase.

The 1999 Act authorized a program (referred to as the Section 236 "decoupling" program) pursuant to which mortgagors of developments subject to Section 236 interest reduction payments with FHA-insured mortgage loans may refinance such loans, if the loans are otherwise eligible for prepayment, with new mortgage loans (such as Authority mortgage loans) while retaining the interest reduction payments. In order to participate in the decoupling program, the mortgagor must agree to enforce the income and rent restrictions applicable to the development for a period extending five years beyond the term of assistance under the new agreement for interest reduction payments.

See "Federal Programs and Requirements" in "The Multi-Family Program" for certain information regarding the expiration of developments' agreements for interest reduction payments.

**Rental Assistance Demonstration**

HUD's Rental Assistance Demonstration ("RAD") program is described by HUD as an opportunity to test the conversion of public housing and other HUD-assisted properties to long-term, project-based Section 8 rental assistance to achieve certain goals, including the preservation and improvement of these properties through enabling access by public housing agencies and owners to private debt and equity to address immediate and long-term capital needs. The RAD program allows projects currently funded under HUD's public housing program, rent supplement program, rental assistance payment program, or mod rehab program to convert their assistance to long-term, project-based Section 8 rental assistance contracts, either project based vouchers or project-based rental assistance. Under the RAD program, HUD requires certain restrictions be imposed upon the developments which cannot be subordinated to any lien securing financing the Authority may provide to such developments. All of the subsidies provided under the RAD program will be subject to annual appropriations by the federal government.

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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 Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Offered Bonds. The Offered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Offered Bonds certificate will be issued, reflecting each maturity of each series (or subseries) of the Offered Bonds and the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Offered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Bonds on DTC's records. The ownership interest of each actual purchaser of each Offered Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Offered Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Offered Bonds, except in the event that use of the book-entry system for the Offered Bonds is discontinued.

To facilitate subsequent transfers, all Offered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Offered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Offered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Offered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Offered Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Offered Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Offered Bonds documents. For example, Beneficial Owners of Offered Bonds may wish to ascertain that the nominee holding the Offered Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Offered Bonds of a series (or subseries) and a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Offered Bonds of the series (or subseries) and same maturity to be redeemed. However, a different procedure for partial redemptions may have been established for some or all of the Offered Bonds. See "Description of the Offered Bonds–Selection of Bonds for Redemption."

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") applicable to the Offered Bonds are summarized below. This summary does not purport to be complete or definitive and is qualified in its entirety by reference to the full text of the Continuing Disclosure Agreement. This summary does not apply to Subject Bonds issued prior to February 27, 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 Rental Housing Bonds, collectively.

"Financial Obligations" (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 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 Underwriter" means the original underwriters of the applicable Subject Bonds required to comply with the Rule in connection with the offering of such 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 interpretation thereof.

"SEC" means the United States Securities and Exchange Commission.

"Subject Bonds" means those Bonds with respect to which the terms of the Continuing Disclosure Agreement are expressly incorporated into the Authority documents authorizing 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 the following:

(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 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;

(c) 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;

(d) delinquency status of Mortgage Loans and mortgage loans originated under the Authority's Multi-Family Housing Bond, Multi-Family Mortgage Bond and Multi-Family Mortgage Purchase Bond programs;

(e) the following information regarding each Development which is financed by Outstanding Bonds or for which the Authority has an outstanding Mortgage Loan commitment:

(1) Name of the Development;

(2) City or county in which the Development is located;

(3) Original principal amount of Mortgage Loan or outstanding commitment;

(4) Identification of any federal subsidy or mortgage insurance applicable to the Development;

(5) Type of occupancy; and

(6) Percentage of units completed or occupied, as applicable;

(f) outstanding principal balance of single family mortgage loans and delinquency and foreclosure status of mortgage loans originated under the Authority's bond financed single family mortgage loan program;

(g) information on insurance or guaranty providers for the Authority's bond financed single family mortgage loan program;

(h) information on the portions of the Authority's bond financed single family mortgage loan program serviced by the Authority and by its largest external servicers;

(i) the following financial information about the Authority excluding the effects of GASB 31 adjustments (if applicable)

Excess of revenues over expenses

Fund balances at end of period

Fund balance of the General Fund at end of period;

(j) principal amount of the Authority's bonds (if any) which are multi-modal and subject to periodic remarketings; and

(k) amount of any credit agreements (if any) under which the Authority may borrow funds, and the outstanding principal amount that has been borrowed by the Authority.

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 (k) 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, including official statements of debt issues of the Authority or related public entities, previously provided either to (i) the MSRB, or (ii) filed with the SEC (if such document is an official statement, 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 (k) 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 (if applicable) of any Subject Bonds, or other material events affecting the tax status 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 Bond 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 Bond 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 Bond 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), under the following conditions: (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 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 Bond 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 Bond Resolution, and the rights and remedies provided by the Bond 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 Bond 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.

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## APPENDIX I

**Set forth below is the proposed form of the Approving Opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the Authority for the Offered Bonds. Such opinion is subject to change prior to the delivery of the Offered Bonds.**

July 21, 2020

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 $200,000,000 Rental Housing Bonds, 2020 Series F-Taxable (the "Bonds").

The Bonds are authorized to be issued pursuant to the Act and a resolution of the Authority adopted March 24, 1999 entitled "A Resolution Providing for the Issuance of Rental Housing Bonds of the Virginia Housing Development Authority and for the Rights of the Owners Thereof," as amended and supplemented to the date hereof (the "Resolution"); a resolution of the Authority adopted April 20, 2020 entitled "Bond Limitations Resolution" (the "Bond Limitations Resolution"); and the Written Determinations of an Authorized Officer of the Authority dated as of July 8, 2020 (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 July 1, 2020, and its Official Statement for the Bonds dated July 8, 2020.

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